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FBIS-EEU-95-115 *15 June 1995*

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Klaus Favors Cancellation of SR Payments

95CH0262A Prague PRAGUE POST in English 30 May 95 p 5

[Article by Timea Spitkova: "Klaus Back Cancellation of Czech-Slovak Pact"]

[FBIS Transcribed Text] Following months of bickering between the Czech Republic and Slovakia [Slovak Republic—SR], Czech Prime Minister Vaclav Klaus ended the stalemate with a proposal to cancel unilaterally the special payments treaty between the two countries as of Sept. 1.

Slovakia's move to increase the value of the Slovak crown [koruna] by 4 percent beginning May 19 was seen by Czech officials as a positive step but did not alter the government position in Prague. The deadline for the Slovak response to the Czech proposal was set for Wednesday, May 31.

The Klaus government believes cancellation of the treaty is a necessary move toward a freely convertible currency. But it also may delay Slovakia's drive toward convertibility.

"For the Slovak economy, the cancellation of the clearing account will change the trade balance, which has been beneficial to our exporters," said Ivan Miklos, an analyst and founder of Bratislava's MESA 10, a macroeconomics think tank. He also said Slovakia's accumulation of hard-currency reserves could be slowed.

The agreement was set up following the 1993 breakup of Czechoslovakia to allow the two republics to conduct trade in their own currencies. Any trade imbalance over 130 million ECU (4.5 billion Kc [Czech korunas]) is made up monthly in hard currency.

Since January, Slovakia's hard-currency reserves have expanded by $519.5 million—$468.4 million of which came from the Czech Republic for exceeding the treaty's credit limit on the clearing account.

Karel Koba, an economics at Prague's Charles University, said he believes that the cancellation of the clearing agreement is a natural progression toward normal relations. "It seems to me that even without the clearing agreement there would be some transfer of hard currency to Slovakia, not in the form of a clearing account but in the normal form of payment."

But Koba said unilateral cancellation of the treaty is a mistake because it could harm trade between the former federation partners.

Earlier this year, a Czech Finance Minister Ivan Kocarnik pushed for unilateral cancellation of the agreement by the beginning of April, a move that sparked some tension between the two countries. Kocarnik strongly objected to the previous 5 percent undervaluation of the Slovak crown, as compared with the Czech currency—an undervaluation that he claimed works against Czech exporters.

The cancellation was halted by Klaus, who said the fate of the clearing account should be discussed by the two prime ministers. However, that meeting was postponed indefinitely. Klaus appears to have lost patience.

Slovak Prime Minister Vladimir Meciar responded with sharp criticism to the step taken by the Czech Government. "Slovakia is also attempting to achieve (currency) convertibility. If we were prepared to the same degree as the Czech Republic, we would surely not (respond) with a unilateral withdrawal from the agreement and an ultimatum," he said in a May 15 radio address.

But whether Slovakia will be able to achieve convertibility by the end of this year, as promised by Meciar, is a subject of some debate among economists.

Since the growth of hard-currency reserves has been due mainly to conditions set up under the clearing account, Miklos said he believes Slovakia's aim of making its currency convertible at the same time as the Czech crown [Czech koruna] is not realistic. "It's not so simple," he said. "We are not as far ahead."

Some economists disagree.

"There is nothing that I know about that would stand in the way of making he Slovak currency convertible," said Richard Wilson, a European Union adviser to the Slovak Ministry of Finance.

Wilson claimed that the benefits have to be weighed against the real risk—such as a fluctuation in the value of the crown and a run on Slovakia's reserves.

"As (is the case with) the Czech Republic, Slovakia has a relatively stable currency, and its foreign currency reserves have been growing," said Wilson. The timing of convertibility is a matter to be decided by domestic politics and the world market, he said.

To some analysts, the debate over when a country's currency becomes fully convertible is only theoretical. No one, it seems, really knows when full convertibility has been reached because every country sets its own monetary policy.

"The introduction of convertibility is a political gesture," said Anton Marcincin, a researcher at Charles University. "The danger is the loss of an anchor to keep currency and inflation stable."

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Klaus Rejects Compensation Offer for Temelin

95CH0262C Prague PRAGUE POST in English 30 May 95 p 2

[Article by Maggie Ledford Lawson: "Klaus Turns Down Austrian Chancellor's Nuclear Offer"]

[FBIS Transcribed Text] Austrian Chancellor Franz Vranitzky has said his government won't stop trying to get Czechs and Slovaks to halt construction at nuclear power plants, even though the two countries have been cool toward such proposals.

"We will keep on talking to try to get them to think about alternative ways of producing energy," Vranitzky said during a recent visit to Prague.

Czech Prime Minister Vaclav Klaus refused the 500 million schillings (1.36 billion Kc [Czech koruna]) that Vranitzky offered in exchange for halting construction on Temelin, a Soviet-designed nuclear power plant in south Bohemia. The Slovak Government has turned down a similar monetary offer from Austria in connection with a Soviet-designed, partially completed nuclear plant at Mochovce.

Both Temelin and Mochovce are near Austria's border.

Hans-Peter Glanzer, second secretary of the Austrian Embassy in Prague, said his government knows that 500 million schillings won't by itself persuade either country to drop their nuclear power programs.

Glanzer said, however, "We hoped the offer would provide some sort of impetus" for a dialogue about alternative sources of energy.

If either country showed serious interest in the proposal, Austria "would support the Czech Republic and Slovakia and international finance institutions in getting money for conversion—plus we would try to bring in other countries," Glanzer said.

Klaus told reporters at a news conference that "the full completion of the construction (at Temelin) is a matter of overriding importance to us." He said a first-rate safety system is being installed at the facility.

Prague Hosts International Press Seminar

95CH0261C Prague PRAGUE POST in English 30 May 95 p 4

[Article by Michele Kayal: "Prague Seminar Boosts Free Press"]

[FBIS Transcribed Text] In 1989, Western journalists descended on Prague to cover the revolution. This month, Eastern journalists showed up to reap its benefits.

Twenty-eight journalism students, from Russians to Moldovans, came to the Czech capital May 18-21 to share their experiences and learn about the workings of a free press from such Western news reporters as ABC news commentator Jeff Greenfield and Pulitzer Prize-winning writer Roy Gutman.

The European Journalism Network (EJN), a non-profit group that organizes information exchanges and grants funds for Eastern students to establish independent publications, sponsored the seminar. Workshops covered topics as diverse as the nuts and bolts of journalism, investigative reporting, electronic publishing and advertising.

"I'd like to learn something useful for the paper about the commercial side and management, and also about editorial," said Marijana Grbesa, editor-in-chief of Zagreb's PULS, set up three years ago with EJN help. Grbesa said staying independent is the most difficult problem facing journalists in her troubled country. "There are a lot of parties, a lot of left- and right-oriented people who want to push you," she said. "We want to stay independent and not get involved in political matters."

In the last four years, the EJN has launched or supported 16 publications throughout the region.

Government Cracks Down on Racial Violence

95CH0262D Prague PRAGUE POST in English 30 May 95 p 1

[Article by Kathleen Knox: "Klaus Terms Brutal Murder of Romany the 'Last Straw'"]

[FBIS Transcribed Text] The brutal murder of a Romany (Gypsy) father of five has promoted Prime Minister Vaclav Klaus to call on government ministers, the police, and state prosecutors to crack down on racially motivated attacks.

Tibor Berky, a 43-year-old bakery worker from Zdar nad Sazavou was killed May 13 after four youths burst into his apartment and, in front of Berky's wife and five children, repeatedly smashed him on the back of the head with a baseball bat.

At an extraordinary meeting called May 16 in response to the murder, Klaus asked Justice Minister Jiri Novak to propose stiffer sentences for racially motivated crimes.

Novak said May 21 that he would propose life sentences for racially motivated murders—instead of the current 15 years—and increase the penalty for hate attacks from three to five years.

Klaus also asked police President Oldrich Tomasek and Supreme State Attorney Bohumira Kopecna to ensure

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that police and state prosecutors improve their efficiency in combating racially motivated crime.

"This is the last straw," Klaus said of the attack.

While human-rights activists welcomed Klaus' measures, they pointed out that Berky's murder was by no means the first of its kind.

Stanislav Penc, a member of the Citizens' Movement for Solidarity and Tolerance (HOST), said there have been 15 other racially motivated murders since 1990.

"It's as if the government just realized (what's going on)," he said.

"These are only words," Penc added. "(Change) depends on what (actions follow the words)."

Until the brutal attack thrust Zdar nad Sazavou into the spotlight, this normally peaceful south Moravian town was remarkable only for its Baroque pilgrim church of St. Jan Nepomuk, named for the popular 14th-century Czech saint.

It was during the Jan Nepomuk fair, an annual festival that attracts hundreds of pilgrims and weekend fun-seekers to the town, that Berky was murdered.

This year, Zdar nad Sazavou resident Vaclav Pavlosek said, it had been cold and rainy all weekend. The bad weather dampened celebrations and fewer visitors attended the festival and those who did come "probably sat in pubs all day," he said.

"That's maybe where this strange idea for the attack was born."

Zdar nad Sazavou Mayor Jaromir Brychta was quick to point out that none of Berky's attackers—three suspects have been caught so far—was from the town.

"For us it was really a bolt out of the blue," Brychta said. "Zdar nad Sazavou never has had any problems with Romanies, skinheads, or extremist groups."

In a town of around 26,000, Romanies number only 120, Brychta said, and skinheads are virtually nonexistent. Nonetheless, the mayor promised to step up town police presence and supported the government initiative toward steeper sentences for hate crimes.

Brychta also emphasized that only one of the attackers is a skinhead.

Vaclav Trojan, a member of the Czech Helsinki Committee human-rights organization, said that is hardly a cause for celebration.

"It's worse that the other people weren't skins," Trojan said. "If anything, it's a sign of a more extended problem."

Libuse Silhanova, vice chairwoman of the Czech Helsinki Committee, said the youths' alleged intent to "scare a few Romanies" has parallels with Nazi attacks against Jews.

"We can imagine four young SS men in a pub saying, 'Let's go and scare some Jews,'" she wrote in a letter to parliament.

Official Claims Mafia Infiltrating Trucking

AU1406145695 Prague RUDE PRAVO in Czech 9 Jun 95 p 1

[Article by Jiri Novotny: "The International Smuggling Mafia Is Using Czech Trucks To Transport Goods"]

[FBIS Translated Text] The international smuggling mafia has infiltrated Czech transport firms. If your country does not take effective measures against this, it will find itself on the blacklist for a very long time as the symbol of organized crime in international road transportation.

This statement was made in Prague on 8 June by Martin Marmy, secretary general of the International Road Haulage Union (IRU). He emphasized that organized crime has placed international haulage (TIR) in the biggest crisis since the IRU's establishment in 1949. While, prior to 1990, the union had to deal with around 40 cases of customs fraud per annum, there were 650 such cases last year, and there have already been 1,500 cases since the beginning of this year. "And, the Czech Republic heads the list of countries whose truckers are involved in fraud most often," said Marmy.

According to Miroslav Solar, secretary general of CESMAD (Czechoslovak International Truckers Association) Bohemia, the international organizers of smuggling—especially of goods such as cigarettes, foodstuffs, and alcohol—take advantage of the Czech truckers' inadequate professional and financial capacity. For example, in 1993 and 1994 alone, more than 500 shipments of sugar, powdered milk, and butter being smuggled to Spain were discovered in Czech trucks. The customs debts exceed 8 million German marks (roughly 150 million korunas).

Marmy said that the fraud mostly does not take place on Czech territory, where the customs bodies operate "completely on the level." However, fewer and fewer resources are being made available for customs activities within the EU. He advised Czech truckers to cooperate only with solid foreign firms and not to accept cash for the goods delivered. "Each trucker should also observe ethical norms and not cooperate with the mafias who, in return for Czech butter, launder money from drugs sales," he emphasized.

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According to CESMAD Bohemia Chairman Ivan Domecky, CESMAD asked the Transportation Ministry to set up an interdepartmental commission to draft and assist in the implementation of measures to eliminate organized smuggling. "This commission will meet for the first time on 15 June," he said.

Army Destruction of Virus Bank Criticized

95CH0262B Prague PRAGUE POST in English 30 May 95 p 1

[Article by Brendan McNally and Jan Stojaspal: "Germ Warfare Fears Killed Virus Research"]

[FBIS Transcribed Text] In its haste to rid itself of germ-warfare capability, the Czech Army last year destroyed a priceless viral "reference library" that one expert said is needed for fighting diseases.

"It was a great stupidity to destroy all those strains," lamented Dr. Bohuslav Korych, a virologist and professor at Charles University's Medical Faculty. "These strains had been collected over four decades and were a necessary control mechanism for testing the effectiveness of disease-fighting antiserums. Without these reference viruses, the antiserums cannot be used."

In February 1994, a team of Army specialists destroyed vast collections of viruses and bacilli that were being maintained at a microbiological laboratory at Techonin and at an Army hospital in Prague's Stresovice neighborhood.

The reason, Korych said, was media-fed fears that the viruses could be used as weapons. Those fears were not entirely groundless.

"These two facilities were being manned by the same people who were running them before 1989," Korych said. "Mostly they were soldiers, and no one could really be sure about their reliability."

A few months later, then-Defense Minister Antonin Baudys appointed Korych head of a commission to determine whether those laboratories could have been used to manufacture biological weapons.

"While we could conclusively determine that these weapons were surely not prepared in our country," Korych said, "we were not able to exclude the possibility that the laboratories might have assisted in (germ-weapons) efforts by other Warsaw Pact armies."

What the commission did determine was that the viral collections had been completely destroyed. While some were certainly dangerous, the majority were "control viruses" used for identification and te_ing.

Korych cited as an example a strain known as Alastrein, a virus he described as being "virulent, but having negligible lethality." Alastrein's genetic structure is nearly indistinguishable from a deadly cousin virus, however, and it serves as an invaluable tool for diagnosis and training.

Without these control strains on hand, Czech diagnostic laboratories will not be able to identify some diseases most efficiently, Korych said.

Korych's own speciality is "arboviruses," which are carried by ticks or similar insects.

"Suppose someone comes in from Africa infected with an arbo. It'll be necessary now to send the sample to a reference laboratory in Bratislava. That will add about two weeks to the process," Korych said, adding that such a delay could prove deadly.

Czech Army officials have denied that the decision to destroy the viruses was the result of media pressure.

"It was the result of personnel changes after the country split from Slovakia in 1993," said a Defense Ministry spokesperson. "There were a lot of new people, and they began (inventorying) stock. That is how they came across the (virus) bank."

The team initially planned to save some parts of the virus collection but later decided that examining and separating the viruses would be too risky.

"That is why they decided to liquidate the entire virus bank," the spokesperson said. "Certainly the bank contained a great amount of research material, but now it is useless to discuss the wisdom of the decision."

Leading Expert Forecasts Economic Improvement

95CH0261B Prague PRAGUE POST in English 30 May 95 p 13

[Article by Ivan Sujan: "Prospects Good for Nation's Long-Term Economic Growth"]

[FBIS Transcribed Text] In the period of transition from central planning to market economy, the Czech Republic has achieved a high level of macroeconomic stability, especially when compared to other post-communist countries. Relatively low inflation, a stable exchange rate of the Czech crown [Czech koruna], growing foreign-exchange reserves, government budget surplus and extraordinarily low unemployment are the main features of the current Czech economy.

In 1994, growth in real gross domestic product (GDP) started at the annual rate of 2.6 percent and accelerated to 4.8 percent in the fourth quarter. There is no doubt that fast economic growth is continuing this

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year. In the first quarter, the growth rates of output in industry and construction have been 5.8 percent and 11.7 percent, respectively—that is, about four percentage points higher than in 1994.

The growth rate of the Czech real GDP expressed in constant 1993 U.S. dollars reached an even 13 percent. This was mainly a result of real appreciation of crowns against the American dollar, because an increased Czech inflation rate was not followed with nominal currency depreciation as was the case in Poland and Hungary.

The Czech per-capita GDP (estimated according to purchasing power parity) reached about $8,000 in 1994, considerably higher than in Visegrad Group partners Poland, Hungary and Slovakia ($5,500-$6,500).

Czech per-capita GDP was still less than half of the average level in the European Union; however, it was not much lower than that of EU member states Greece or Portugal ($8,500-10,000).

The main driving forces of Czech economic growth from the demand side have been private consumption and fixed capital investment, which increased in 1994 by 5.3 percent and 4.4 percent, respectively.

In 1995, a considerable acceleration of investment activity is expected, and that could create good preconditions for further balanced growth from the supply side.

In the first quarter of 1995, growth in construction work has been much faster than that in retail sales.

On the other hand, the economic growth has not yet been supported by net exports. In 1994, merchandise exports grew by 6.9 percent, compared to the 13.1 percent growth in imports. A considerable part of the export slowdown resulted from a sharp decline in exports to Slovakia. Exports to the Slovaks dropped by 19 percent in 1994. Trade with Slovakia has been negatively affected—mainly by the depreciation of the Slovak crown [Slovak koruna] (followed with its additional 5 percent depreciation against the Czech crown within the limits of a clearing agreement), and the Slovak import surcharge.

Unsatisfactory development of Czech foreign trade has continued in the first quarter of 1995. However, exports from the Czech Republic to Slovakia are no longer declining, and some revival of growth may be expected in the fourth quarter of 1995 when the clearing agreement between the governments in Prague and Bratislava will be finished (along with the 5 percent Slovak currency depreciation).

The growth of Czech exports to other countries may also speed up with improved credit conditions.

Summing up expected impacts of relevant factors, the growth in the Czech real GDP may reach about 4 percent in 1995 and 5 percent in 1996. And, according to the forecasts prepared in various domestic and international institutes, the Czech Republic has good preconditions for long-term economic growth at annual rates of about 5 percent or even higher.

The writer is vice president of the Prague-based Czech Statistical Office. He completed post-graduate studies in econometrics at the University of Pennsylvania. He spent 20 years as an economic researcher at INFOSTAT in Bratislava. In 1990-92, he was president of the federal statistical office of Czechoslovakia.

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Meciar Previews Ukraine Visit, Emphasizes Trade

LD1406164895 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 14 Jun 95

[FBIS Translated Excerpt] Slovak Prime Minister Vladimir Meciar left today for a two-day official visit to Ukraine. Accompanying him are Deputy Prime Minister Sergej Kozlik; Ministers Jan Ducky, Alexander Rezes, Jan Mraz, and Peter Baco; Vladimir Masar, governor of the Slovak National Bank; and Jozef Sestak, state secretary at the Ministry of Foreign Affairs. Taking part in this foreign working trip are also representatives of significant Slovak enterprises and businesses.

The prime minister gave an interview to Slovak radio immediately prior to departure. The interviewer was Jozef Rebo.

[Begin recording] [Rebo] Prime Minister, how do you see the current level of Slovak-Ukrainian relations?

[Meciar] First of all, we must talk about these relations as relations that have vast reserves and unused possibilities. (?There is) regular political contact and consultations between all the institutions, but the intensity of contacts is relatively low. We have noted recently mutual decline in the exchange of goods, which is not in the interest of the Ukrainian or the Slovak side. The current situation requires closer contacts. Further, there exists a large number of unsolved questions concerning payments relations and there is a possibility of participation of Slovak businessmen and Slovak firms in direct privatization, especially since some ironworks are strategically dependent on the import of ore from Ukraine. That is why this visit is to help provide for economic cooperation and its intensification.

[Rebo] What concrete results are you expecting?

[Meciar] Some agreements will be signed. I expect we will adopt a practical program on steps that will be implemented by the end of 1995, so that as of 1 January 1996 we can mark a significant rise in mutual exchange of goods. I expect that we will clarify possibilities of access to the capital market of Ukraine for Slovak businessmen. We will also probably agree on border crossings so that they might stop being a sore point and become a border that will make Slovak communication easier, also where West Europe is concerned. I assume that one of the basic problems that we want to discuss, and which we have already indicated to the Ukrainian side, is our desire for trade exchange between us to take place in Slovak koruna as international tender. [passage omitted]

[Rebo] In Transcarpathia, in the vicinity of Uzhgorod, there still lives our [Slovak] minority, which includes supporters of reunification with Slovakia. What is your view on this question?

[Meciar] There are various movements in various parts of Ukraine that are considering territorial arrangement, but that is an internal affair of Ukraine. The Slovak Republic has not interfered and will not interfere; neither will it allow activity on its territory against the sovereignty and territorial integrity of Ukraine. [end recording]

Visit Results

LD1506091695 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 14 Jun 95

[FBIS Translated Excerpt] Slovak Prime Minister Vladimir Meciar left 14 June for a two-day official visit to Ukraine. The following ministers accompanied him: Sergej Kozlik, deputy prime minister and finance minister; Jozef Sestak, state secretary at the Foreign Ministry; Economy Minister Jan Ducky; Alexander Rezes, minister of transport, postal service and telecommunications; Jan Mraz, construction and public works minister; Agriculture Minister Peter Baco; and Vladimir Masar, governor of the National Bank of Slovakia [NBS].

Vladimir Masar commented on his talks.

[Begin Masar recording] It was the first ever top-level meeting between the Slovak and Ukrainian central banks. We discussed payments relations between Ukraine and Slovakia in the light of the convertibility of the Slovak koruna, which is currently being prepared, and also with respect to the possibility of using the Slovak koruna as a currency in payments relations with Ukraine. [passage omitted]

These were the very first talks. Next week, experts from both banks will meet and the talks will continue. Concrete results, I think, will become apparent only after the hard currency law is approved. [end recording]

Despite his busy schedule, Prime Minister Meciar found time to comment on his meeting with President Kuchma.

[Begin Meciar recording] It was a three-hour meeting, including lunch. It was important because we exchanged our experiences about the progress of reforms in Slovakia and Ukraine. This experience was important for both of us. We noted that our mutual relations were not burdened by any problems from the past. [passage omitted with indistinct words]

We also noted that the trend in our trade relations has been decreasing since 1993. We must look for ways to solve this problem. Ukraine is immensely interesting in terms of foreign capital investments and as a capital

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market. It is in our interest to be part of it. [end recording] [passage omitted]

Economy Minister Discusses Personnel Changes

AU1406185895 Bratislava PRAVDA in Slovak 13 Jun 95 p 2

[Report by CTK: "The Changes Are Not Random"]

[FBIS Translated Text] Prievidza—If personnel changes have been made in certain engineering companies, then they are not random but ensue from the long-term development in these companies and are aimed at ensuring their rectification. This statement was made by Economy Minister Jan Ducky in an interview for CTK. "The main issues are entrepreneurial objectives and guarantees for future development. It is also necessary to seek the reasons for personnel changes in individual posts somewhere there," said J. Ducky. According to him, it is unacceptable that, of the 276 enterprises in the industry sector, only 150 of them are making a profit. According to J. Ducky, the personnel changes should primarily bring about a change in the current unfavorable situation in which there has not even been a sign of a change for the better. Among the directors dismissed last month, for example, was Peter Koncier, director of the largest Slovak arms plant ZTS [Heavy Machine Tool Enterprises] Dubnica. Further personnel changes are anticipated.

Dismissal of Carnogursky's Brother From Hydrostav

AU1406145995

[FBIS Editorial Report] Slovak newspapers from 10 to 13 June published a number of reports on the dismissal of Ivan Carnogursky, brother of Christian Democratic Movement Chairman Jan Carnogursky and former deputy chairman of the Slovak National Council, from the post of board chairman and director general of Hydrostav, the largest Slovak construction company. According to a report by "agt" in Bratislava SME in Slovak on 13 June on page 2, Hydrostav, which employs 6,000 people, is involved, among other projects, in the construction of the transit gas pipeline and in the completion of the Gabcikovo dam and the Mochovce nuclear power plant. It remains under state control as 97 percent of its shares are owned by the National Property Fund of the Slovak Republic.

Bratislava SME in Slovak on 10 June on page 1 carries a 600-word interview with Ivan Carnogursky by Juraj Hrabko entitled "Dismissed in Absentia With Immediate Effect." In the interview, the place and date of which are not given, Carnogursky confirms that he and two other members of the five-member Hydrostav board were dismissed and replaced on 7 June. Carnogursky reports that the decision was made in his absence, at a meeting of the Hydrostav Supervisory Board on 7 June, and that it takes effect immediately. Asked whether Hydrostav's economic performance warranted his dismissal, Carnogursky replies: "Despite all the shocking realities in Slovakia's economy, last year's results were, overall, very positive. We made a profit of about 8 million korunas and we still employ 6,000 people."

Bratislava PRAVDA in Slovak on 13 June on page 2 carries a 200-word report by "tv" entitled "Hydrostav With New Management." The report states that Stanislav Klikac, a former director of one of Hydrostav's nine subsidiary plants, was elected board chairman and director general of Hydrostav at a meeting of the company's board in Bratislava on 12 June, replacing Ivan Carnogursky. The new director general is quoted as having said after his election that "the time was ripe for changes in Hydrostav. It is necessary to reassess the orientation of the company, which in the past focused more on the founding of satellite companies than on construction activity proper." According to Klikac, the new management will subject the management of the more than 20 "satellite" companies to an "analysis" and may even dissolve some of them.

Bratislava SME in Slovak on 13 June on page 2 carries a 500-word report by "agt" entitled "New Hydrostav Director Ruled Out Political Motives for Change in the Post of Director General." According to the report, Stanislav Klikac "ruled out that his appointed as director general might have been politically motivated because he is not member of any political party, though he conceded that he likes Matica Slovenska (Slovak Heritage Foundation)."

SDL's Weiss on Importance of EU Membership

AU1406164695 Bratislava PRAVDA in Slovak 13 Jun 95 p 7

[Article by SDL Chairman Peter Weiss: "Slovakia Is Heading Toward the EU"]

[FBIS Translated Text] I consider Slovakia's membership in the EU to be a target of strategic importance. By joining the EU, the Slovak Republic wants to obtain not only conditions for permanent economic prosperity on the basis of comprehensive modernization, but also political stability on the democratic foundations of the social system. Of course, there are also cultural and historical reasons. Important for me is also the cultural identification with the ideas of modern democratic socialism because heading toward the EU means heading toward an alliance of countries, in which the ideas of

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democratic socialism were born and in which they have become so firmly embedded that they must be accepted by all political forces.

In my contribution, which is based on the statement that I delivered at a meeting of the Presidium of the Party of European Socialists in Brussels on 6 June 1995, I want to consider three questions. The EU was founded as an economic community, and the solution to economic problems continues to be of fundamental importance in it. By the time Central and East European countries are admitted, the EU will probably operate as a monetary union. Its member states will have to meet demanding macroeconomic criteria in terms of inflation rate, state budget deficit, and state debt. The Slovak Republic is already striving to achieve the level of these macroeconomic data set for member countries of the monetary union. In 1993 the inflation rate amounted to 24 percent, in 1994 to 13 percent, and in 1995 it will probably drop slightly under 10 percent. The state budget deficit as a proportion of the GDP, cleansed of the distorting influence of the clearing account between the Slovak Republic and the Czech Republic, amounted in 1993 to 8.6 percent, but in 1994 it no longer exceeded 3 percent. The state debt—that is, gross indebtedness—is around 40 percent of the GDP. On the whole it can be said that Slovakia will be able, albeit not easily, to meet the prerequisites for EU admission not only in terms of macroeconomic quantities but also in privatization results, in the development of banking and the capital market, in the functioning of the labor market, and in legislative changes and technical standards.

One cannot fail to acknowledge the justification of [calls for] the economic reinforcement of countries seeking EU membership. On the other hand, I would like to point out that, during the preceding rounds of the EU's expansion, particularly in the 1970's and 1980's, the criterion of the minimum GDP level per capita was not applied. In a number of states admitted as EU members in the 1980's, the GDP per capita was only about one-half of the lower limit of the then EU standard. Not only economic criteria determined the admission of these countries into the Union. These were countries that had rid themselves of dictatorial regimes only a few years earlier. Their admission into the Union was to support their path toward democracy and prevent the return of political authoritarianism. This way of thinking—that is, the consideration of political as well as economic criteria—is warranted also when considering conditions for the Central and East European countries' EU membership. This is why we cannot ignore the increasingly evident fact that the manner in which the ruling coalition exercises power in Slovakia, the prime minister's conflict with the president, the passage of the anticonstitutional law on the abolition of privatization projects, and so forth, simply complicate the Slovak Republic's negotiating position in conjunction with preparations for the enlargement of the EU but also NATO. For those reasons, the Party of the Democratic Left [SDL] has repeatedly appealed to the ruling parties to halt their attacks on the president; to reassess their policy, which has prevented the opposition from being represented in the National Property Fund, in the special parliamentary body for supervising the activity of secret services, and in the Slovak Television Council and the Slovak Radio Council, which are responsible for the objectivity of the two public service broadcasters; to stop using parliamentary bodies for settling party but also personal political scores; and to consistently respect constitutional principles.

Certain anxiety over the political direction the Slovak Republic is taking was expressed by the EU in its well-known demarche toward the end of last year. The joint communique from the first meeting of the EU's Association Committee with the Slovak Republic, held in Brussels on 29 May 1995, also contains words, diplomatic in form but unequivocal in contents, expressing the EU's wish that the Slovak Republic step up its efforts at applying democratic procedures and emphasizing the important role of free media.

Proceeding from this complicated situation, I perceive the participation by the SDL as a patriotic and state-forming [statotvorna] party in the Slovak Republic's preparation for EU membership in three dimensions:

1. Promoting such an economic development of the Slovak Republic as will be conducive to the fulfillment of economic criteria and conditions for the Slovak Republic's admission as EU member.

2. Working out the SDL's own political concept of establishing internal and external conditions for the Slovak Republic's integration into the EU, mastering all the practical problems associated with it, preparing the SDL's own experts, and developing such relations within the framework of European socialist political structures as will make it possible to assert the national and state interest of the Slovak Republic.

3. The third dimension concerns the SDL's participation in activities helping to preserve the democratic development in our homeland, protecting civil liberties, and respecting the principles of a state based on the rule of law and observance of the Constitution. Personally, I am convinced that, in the heart of Europe, attempts at an authoritarian execution of power in Slovakia will not last long, provided that all democratic forces proceed in a coordinated manner, and that, by the time the Central and East European countries' EU membership will

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start being considered as realistic, these attempts will be overcome and a matter of the past.

The drastic decline in the influx of foreign capital to Slovakia in the first quarter of 1995 is a signal that the Slovak Republic really is beginning to be perceived abroad as a problematic country, to put it mildly. Such an assessment of a country's situation often leads to its gradual political but also economic isolation. In the specific situation of Slovakia, measures leading to the political and economic isolation of the country will only support those, against whom they are directed. Decline of foreign investment reduces and weakens the segment of the economy that the government cannot subject to its direct political influence. Besides, further measures of this kind would only add grist to the mill of nationalistic and isolationist political currents that are banking on the Slovak Republic's autarky.

Any deterioration of the economic and social situation of the population, regardless of how it comes about, can only support the authoritarian form of government. I am always trying to explain to political partners abroad that one of the main causes of the problematic nature, and instability, of the political development in Slovakia is the great depth of the economic and social crisis brought about in the Slovak Republic by the process of transformation. The greater production decline, the higher rate of unemployment, and the steeper fall in real earnings in the Slovak Republic, compared with the Czech Republic, was caused, first and foremost, by the worse structure of the economy in the eastern part of the former CSFR [Czech and Slovak Federal Republic]. This is why I told our friends from parties associated in the Party of European Socialists in Brussels to consider these aspects of current developments in Slovakia and to take them into account when exerting their influence on decisions regarding the future enlargement of the EU and NATO.

SDL Head on Treaty With Hungary, Other Issues

LD1406203295 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 14 Jun 95

[FBIS Translated Text] A number of topics were aired at the news briefing by the representatives of the Party of the Democratic Left (SDL) today. Brigita Schmoegnerova, SDL deputy chairwoman, criticized the government's decision on coupon privatization. She said that by taking this step, the ruling coalition effectively challenged its own policy statement. SDL Chairman Peter Weiss criticized Slovak television reporting for its deliberate failure to paint an objective picture of what was going on in the Slovak Republic and for becoming a mouthpiece of the ruling coalition parties.

Bernard Hornak discussed other pressing issues with Peter Weiss.

[Begin recording] [Hornak] Several members of the Social Democratic Party of Slovakia established recently a new platform called the Renewal of Social Democracy [Obroda socialnej demokracie]. Are you expecting that a platform of this kind could emerge also in the SDL?

[Weiss] As far as the SDL policies are concerned, the SDL National Council held in May quite unanimously noted that the SDL was united on fundamental issues. Since we are facing an enormous amount of work, I cannot see any reason for concentrating on intraparty disputes.

[Hornak] The Christian Democratic Movement has rejected the offer by the Movement for a Democratic Slovakia [HZDS] to discuss the current domestic political situation. But the SDL accepted the HZDS offer. When and under which conditions will you meet, and what do you expect from the talks with the HZDS?

[Weiss] This meeting has been three months overdue. The SDL made this offer immediately after its third congress which was held in Poprad in February [1995]. The HZDS got in touch after three months, and said it was interested in bilateral talks. Despite the fact that there are fundamental differences between our views and the views of this ruling movement on some issues, such as what to do when in power, on the functioning of democracy ,and on respect for constitutionality, we respect that the HZDS won the elections and that it bears responsibility for running the country. However, there are very many problems that burden Slovak citizens, and these problems have to be properly discussed. We have not set any conditions. We regard it as a consultative meeting where we will exchange views. It should be a top-level meeting. The only condition is that, since this will be a meeting between two political parties, the venue of the meeting should not be the Government Office. It should be held either at the HZDS headquarters or at another, neutral place.

[Hornak] Representatives of your party met representatives of the Christian Democratic Movement and the Democratic Union on 13 June. What was discussed at that meeting?

[Weiss] It was a normal meeting of opposition parties' representatives. We analyzed the current domestic political situation and possible developments at the meeting of the National Council. We lined up our joint strategy on issues where we think there may be a chance of taking a joint action.

[Hornak] Did you discuss the ratification of the Slovak-Hungarian treaty?

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[Weiss] Speaking on our party's behalf, we reject the cynical political game that is being played, not only by the officials of the Slovak National Party, but also by the Association of Workers of Slovakia, who, as government parties, are refusing to take up a clear position on the treaty signed by the prime minister.

I expected that the Hungarian parliament would ratify the treaty. The signing of this treaty was a significant diplomatic victory for the Hungarian Government, because it managed to include in the treaty the well-known document 1201 of the Council of Europe which makes it possible to interpret minority rights as collective rights. That is why I think it proper that Prime Ministers Meciar and Horn should sign a memorandum ensuring that this treaty, especially the document 1201, is interpreted in the same way by the two governments, by both sides. [end recording]

Hungarian Coalition Favors Talks With Meciar

LD1406230295 Budapest Kossuth Radio Network in Hungarian 1900 GMT 14 Jun 95

[FBIS Translated Text] The largest party of the Bratislava [Pozsony] Government coalition, the Movement for a Democratic Slovakia [HZDS] led by Prime Minister Meciar, proposes talks with the Hungarian coalition as soon as possible.

The Hungarian politicians are of the view that such a meeting would be important, because they have not had any talks with the largest government party since the autumn elections.

The leaders of the Hungarian coalition will coordinate their position regarding the date and topics of the talks. It is certain, however, that they want to hold talks with Meciar together and in his capacity of prime minister not party leader.

Party Leaders Deny Split in SDSS

AU1406155295 Bratislava PRAVDA in Slovak 13 Jun 95 p 2

[Report by TASR: "Apparently, It Is Not a Split but a Revival"]

[FBIS Translated Text] Prievidza—The aim of the new Social Democratic Party of Slovakia [SDSS] platform, which was formed under the name Social Democratic Revival on the initiative of the Prievidza-Ziar nad Hronom SDSS Regional Committee, is not to split the party, but to strengthen and revive it. In no way does this involve a faction with nationalist tendencies. It is also not true that it is led by Boris Zala. This information is contained in a statement issued yesterday by the platform's official spokesman and coordinator, Lubomir Kohut, the chairman of the SDSS Regional Committee in Prievidza. He has thus refuted the claims made by SDSS Chairman Jaroslav Volf, claims that were published in the press and broadcast on Slovak Radio last week.

Social Democratic Revival places most emphasis on a left-wing policy and Slovak national interests. To date, these have been "promoted lukewarmly" by the SDSS leadership. This statement was made yesterday by Social Democratic politician Boris Zala on the VTV Journal evening news program. "We are ambitious to make something out of the party that would benefit this country," he emphasized.

SUSR Notes 29.8-Percent Drop in Real Income

AU1406121895 Bratislava PRAVDA in Slovak 12 Jun 95 p 5

[TASR report: "Living Costs Have Gone Up 141.5 Percent"]

[FBIS Translated Text] Bratislava—The net income of an average household in the Slovak Republic reached 9,468 korunas [Sk] a month in 1994, and net income per household member averaged Sk3,177. Compared with 1990, households' nominal incomes went up 69.6 percent, but the cost of living increased 141.5 percent. According to analysis carried out by the Slovak Statistical Office [SUSR], this means that, since 1990, real incomes of households in Slovakia have declined by 29.8 percent.

According to the SUSR, the above development of income inevitably led to major changes in household management. Expenditure items that cannot be avoided, replaced, or severely limited became the priorities. In 1994, households spent Sk3,397 a month, that is, 35.9 percent of their income, on food, beverages, and public catering. Compared with 1990, these expenditures rose by 79 percent. Households spent Sk938 a month of clothing and footwear in 1994, 23.6 percent more than in 1990. Other irreplaceable expenditures essential to preserving life are personal hygiene and household cleaning products and, in particular, pharmaceuticals and other medical supplies. In 1994, households spent an average of Sk400 a month on these needs, 143.9 percent more than in 1990. In terms of volume and share in overall expenditure, housing costs are the second most important expenditure item, after food. This item comprises expenditure associated with the operation of an apartment such as energy costs and community services, but excludes investment costs associated with housing procurement. Last year, the average household spent Sk1,285 a month, 129.5 percent more than in 1990, on housing. The share of housing costs in households' income rose from 10 to 13.6 percent.

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Bokros on Severance Pay, OECD, IMF, Investment

AU1406190095 Budapest NEPSZAVA in Hungarian 14 Jun 95 pp 1, 4

[Interview with Hungarian Finance Minister Lajos Bokros by Sara Pogany in Budapest; date not given: "The Minister Claims To Have a Clear Conscience"]

[FBIS Translated Text] [Pogany] As you have probably learned here at home, the affair connected with the 16-million forints severance pay you received from Budapest Bank elicited great dissatisfaction in both the coalition parties and parliament. According to our information, circles close to Budapest Bank will initiate a test trial against you. What is your opinion on this?

[Bokros] I am ready to face any trial with a clear conscience. In connection with my severance pay—in addition to what I already said, namely that I worked for it—I do not want to say anything until the coalition talks scheduled for 15 June.

[Pogany] What results can you show from the OECD conference in Paris, where Hungary was one of the main issues?

[Bokros] This was the third version of a detailed study on Hungary, one that analyzed the economic achievements of the past five years in a critical and objective manner. All the 18 OECD member states actually expressed their appreciation regarding Hungary's performance so far, but they also urged further reform steps. The study in question will also be published in Hungarian in July, so the public will also have access to it. After the "eight-hour hearing" I went through, I am convinced that Hungary can become a full member of the OECD in the first half of 1996.

[Pogany] However, your talks with the IMF in the United States were not so successful. Why?

[Bokros] Unfortunately, I must admit that in my talks with the IMF, I noticed that their confidence toward Hungary has diminished considerably. This clearly originates from the fact that in the past five years, the Hungarian Government has continually failed to implement our agreements with the IMF. This led to great dissatisfaction. However, the IMF regarded our government's stabilization economic program of 12 March as something clearly positive, but they also firmly pointed out that they want to see the continuation of this program. We will continue negotiations with the IMF on 15 June, in the course of which we will agree not only on the key figures of the 1996 budget but also on the content of this budget. This will include the pension and health care reform, the reorganization of the government and public administration activity, and also the creation of a treasury. In my view—and I also said that to the IMF representatives—next year's budget deficit will not be dramatically smaller than the current one, because the effects of the recent measures and of further measures will only be felt later. However, I think that, without the privatization incomes, next year's central budget deficit can be curbed from the current 6 to 6.5 percent of the GDP to 3 to 3.5 percent. Obviously, a further 1 percent must be calculated to this because of the surplus expenses connected with the social security reform.

[Poganny] According to news coming from across the ocean, we can count on considerable U.S. investments. Is that really the case?

[Bokros] I can definitely confirm this. The negotiations Prime Minister Gyula Horn and I held with U.S. investors and business circles proved that there is considerable interest in various areas. We found the greatest interest toward our processing industry, car assembly and spare parts manufacturing, glass industry, and precision engineering. The biggest achievement of this trip was that we succeeded in restoring and even strengthening confidence in Hungary.

Tabajdi Assesses Recent Visit to Transylvania

AU1406121795 Budapest MAGYAR NEMZET in Hungarian 13 Jun 95 p 3

[Unattributed report on interview with Csaba Tabajdi, political state secretary at the prime minister's office; place and date not given: "We Succeeded in Dissipating Some Doubts"]

[FBIS Translated Text] "The six days I spent in Romania confirmed my opinion that we started in the right direction when we set out to help the Hungarian communities beyond the borders in their efforts to create the conditions for subsistence and a civic society. At the same time, I understood that the Hungarians living beyond our borders need moral support, namely to feel that the government in Budapest understands their situation; I also must say that I was surprised by the toughness displayed by the people living there." Csaba Tabajdi used these words to sum up the tour in Romania that he concluded at the end of last week. Tabajdi said he wanted to also learn of the autonomy efforts of the ethnic Hungarians in Transylvania directly and to dissipate the uncertainties harbored by the ethnic Hungarians in Romania in connection with the planned Hungarian-Romanian basic treaty. Therefore, in addition to holding talks with the heads of the Democratic Union of Hungarians in Romania [RMDSZ—UDMR in Romanian], the outstanding personalities of the Hungarian intelligentsia in Transylvania, and several leaders of the four historical churches present in Transylvania, he participated in various forums.

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According to Tabajdi, one of the major experiences of his visit is that, despite their everyday problems, the ethnic Hungarians in Romania acknowledge their fate in a much more disciplined way than the society in Hungary; he came across considerably less complaint. It is true, however, that there are differences among various communities regarding this issue, for example between the fragmented ethnic Hungarian communities and the mass of Szeklers who are more prone to lament. He mentioned the local national minority self-government bodies, like the ones in Illyefalva near Sepsiszentgyorgy, Deva, or Nagyenyed, bodies that can have an animating effect on the entire community. In these places, mostly church leaders created various institutions, like youth, conference, or cultural centers, for the civic and economic development of the local communities. In Illyefalva, for example, orphans are brought up in a family environment. All these are practical results of autonomy initiatives, results that give cause to particular hopes. It is also very important that there are persons who accept this activity because, without this, it would be impossible to implement any form of autonomy, even if the parliament in Bucharest decided "suddenly" to approve this.

According to Tabajdi, one can find three key issues in the life of ethnic Hungarians in Romania: They need an education system in their mother tongue, the role played by the churches is unavoidable, and a firm economic background must be created. A third of the ethnic Hungarian children do not have the opportunity to study in their mother tongue, something that is an essential condition for preserving national identity, and the church has a particularly important role in this. If the denominational schools received their properties back, this would create a much more favorable situation regarding education in their mother tongue. He said that it also transpired that the Duna Television [broadcast via satellite] is playing a rather important role in the everyday life of the ethnic Hungarians in Romania, particularly the Szeklers.

The issue of economic support for the economic ventures of ethnic Hungarians beyond the borders given by the newly reorganized New Handshake Public Foundation often came up in the course of Tabajdi's visit. It also became clear that the ways in which this program works should still be clarified, because many people still think that the New Handshake functions similarly to the Illyes Foundation. It must be made clear to these people that, in this case, it is not enough to present an idea, but studies are also needed; studies that show that the idea in question can be implemented and the venture can be profitable. For example, they discussed ways of developing village tourism and using the sources of mineral water and spas. Some concrete demands could already be approved by the presidium of the aforementioned foundation.

Speaking about the uncertainty regarding the planned basic treaty, Tabajdi told us that the ethnic Hungarians in Romania attribute exaggerated importance to this step. This is a very important means, but not the only one. Therefore, in the course of his talks, Tabajdi made it clear that the Horn cabinet does not think that a single document can solve the lack of confidence of several decades and centuries. He added that the basic treaty can provide yet another basis for solving the national minority issue, while the ethnic Hungarians in Romania fear that Budapest will give up the Hungarian communities living beyond the borders for the benefit of Euro-Atlantic integration and good neighborly relations. At the same time, he pointed out that the debate that emerged in Hungary about the basic treaty signed with Bratislava definitely caused uncertainty among the ethnic Hungarians in Romania: Many people speak of a "Third Trianon." Tabajdi said that he succeeded in dissipating some of these doubts.

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Silajdzic Calls U.S. Stand 'Discouraging'

AU1506141495 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 15 Jun 95

[Statement by Bosnia-Herzegovina Prime Minister Haris Silajdzic to Radio Bosnia-Herzegovina's U.S. correspondent Envera Selimovic "at the end of his visit"; place not given—recorded]

[FBIS Translated Text] This concerns the highest interests of a state, (?and in the case of the United States) it concerns relations with the allies [words indistinct] decisions which were [words indistinct]. However, I hope that pressure from [word indistinct] will help the U.S. Administration to make the only right decision, which means that it will either decide to solve the problem in concrete terms or it will allow us to solve it ourselves. Any other option would be to the advantage of those who have committed genocide in Bosnia and who ultimately do not wish to (?accept the peace plan). We cannot impose peace by ourselves, we do not have enough arms, [words indistinct]. We have signed the peace, a peace proposed by the international community [words indistinct] but the international community has no answer to this.

In any case, the U.S. Administration's current stance is discouraging; it has not budged an inch despite the fact that the arms embargo has proved to be [words indistinct]. On the other hand [words indistinct] support the lifting of the embargo and I hope that it will yield positive results.

Zubak Discusses Fighting in Posavina, Federation

AU1406103195 Zagreb VJESNIK in Serbo-Croatian 11 Jun 95 p 11

[Interview with Kresimir Zubak, president of the Federation of Bosnia-Herzegovina, by Mario Marusic; place and date not given: "The Battle in Posavina Is Decisive for Bosnia-Herzegovina and the Croatian People"]

[FBIS Translated Text] [Marusic] Mr. President, is the policy of the international community on Bosnia-Herzegovina changing after the most recent moves?

[Zubak] It is obvious that, after the recent events in Bosnia-Herzegovina, and particularly after the capturing of the UNPROFOR [UN Protection Force] soldiers and the downing of the U.S. aircraft by the Serb forces, the awareness has grown among the most relevant world factors that some more serious and radical steps have to be taken in Bosnia-Herzegovina. However, despite everybody's awareness that something radical must be done, there still is no political unity among the European powers, the United States, and Russia. That is one of the reasons why it takes such a long time to harmonize the views among those countries and between them and the United Nations.

Still, it is quite probable and it can be expected that some more radical changes will come about. We, who are interested in the accomplishment of peace in Bosnia-Herzegovina, expect and strongly support that. The fact is also that the representatives of the Croatian and the Muslim-Bosniak people have not been consulted at all regarding the questions of UNPROFOR's future mandate, the intervening forces, and so forth, which is not a praiseworthy attitude and cannot be applauded in the international community.

No Agreement to the Croats' Disadvantage

[Marusic] How do you comment on the deployment of the rapid reaction force? Some circles consider this to be the British-French response to the ever greater engagement of the United States, while others say it has to do with a secret agreement between the British and the Bosniaks.

[Zubak] In view of all that I have said so far, the intervening forces are actually the most important. That is, they are already being deployed in Bosnia-Herzegovina, whereas it is not yet known who is in command or what their functions or tasks are. There is a dispute between the United Nations and the countries whose troops are being deployed as part of the rapid reaction force regarding who will take up the command.

According to the information available to me, there is no secret agreement between the Bosniaks and the British. That is all speculation, but I do not discount the possibility that one of the tasks of those intervening forces would be the lifting of the siege around Sarajevo, because it is obvious that recently it has been impossible to deliver any humanitarian aid to Sarajevo, which is UNPROFOR's task.

[Marusic] The issue of mutual recognition between Sarajevo and Belgrade has become topical again, while mutual recognition between Zagreb and Belgrade has been pushed to the back seat. How likely is Milosevic's recognition of (only) Bosnia-Herzegovina, and in what way can this affect the Croatian interests in Bosnia-Herzegovina?

[Zubak] Milosevic's recognition of Bosnia-Herzegovina is probable and not far off. That the Belgrade regime will recognize Bosnia-Herzegovina is unquestionable. However, it does not want to recognize the current authorities in Bosnia-Herzegovina, and it also demands changes to the Contact Group's plan regarding certain territories. The attitude of the Croats in Bosnia-Herzegovina is that Bosnia-Herzegovina should be rec-

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ognized in its internationally recognized borders, because the Contact Group plan, which we have already accepted, is based on that premise. We have clearly said that there can be no territorial changes at the Croats' expense, that is, regarding the territories where they live. If the representatives of the Serbian people accept the plan, we may consider certain modifications regarding some regions.

We cannot accept talks about some new future relations between Bosnia-Herzegovina, which is a union anyway, and the FRY and the making of some new political arrangements in that sense. The Croatian people in Bosnia-Herzegovina have bound their destiny to the Croats in the Republic of Croatia, so we cannot accept any new forms of alliance or any political relationship of Bosnia-Herzegovina with the Croatian people if Croatia is not involved.

[Marusic] Is Milosevic ready to sacrifice Karadzic and Pale in return for the complete lifting of the sanctions?

[Zubak] In order to demonstrate to the international community that he accepts the peace plan, Milosevic has to take the step of eliminating Karadzic and the leadership of the Serb Republic. However, I think that he still lacks the strength to do that, because he would be put under great pressure on the domestic plane, and not only by the radical forces, but also by other political forces in Serbia. If Milosevic decides to make such a move, his position in the FRY would be endangered.

The Map Shows It Clearly

[Marusic] The fighting on the fronts in Bosnia-Herzegovina is flaring up. The developments in Posavina [Sava River basin] and on the southwestern border of Bosnia-Herzegovina with Croatia are being followed with great attention.

[Zubak] Among the public, there is still a lack of awareness of how severe the fighting in Posavina actually is. The units of the Croatian Defense Council [HVO] on this front are defending themselves really heroically, and this is not just a cliche. It is one of the decisive battles for Bosnia-Herzegovina and the Croatian people in Bosnia-Herzegovina. We know very well that the Serbs are attempting to broaden the corridor and, on the basis of such a factual state of affairs, to demand changes to the Contact Group plan. On the other hand, they would gain strategically more favorable positions if fighting broke out in eastern Slavonia. Therefore, we shall undertake everything, in military terms as well as in political terms, to defend Posavina, and I am sure we shall succeed in that. I have to underline on this occasion that certain speculations spread by some media that Posavina must be given up to the Serbs in exchange for the freed western Slavonia are absolutely false.

Everybody can see clearly on the map what the action carried out by the HVO in the hinterland of Knin is all about. It is not only about cutting off Knin, but also about connecting this region with the Bihac pocket.

[Marusic] How do you assess the current moment in establishing the Federation of Bosnia-Herzegovina? Certain deadlines have failed to be met again.

[Zubak] What I have said before is being confirmed again. The issue is about a complicated process in which it is hard to harmonize all local interests. In some regions, for example in Uskoplje, everything has been agreed upon, but a problem has arisen regarding the name of the town (the Muslims want it to be called Gornji Vakuf, while the Croats prefer Uskoplje). There are still many municipalities in which political accord has not been accomplished yet.

However, since it is about a really complicated task, one ought to view it realistically, without any dramatization. The will exists, which is most important. As for the Croatian people in Bosnia-Herzegovina, the entire project is still unquestionable, of course. I said in Novi Travnik that, for the Croats, the Federation is a goal, rather than a means, and we also accept the Federation in case that the international community makes it possible for the Serbs to leave Bosnia-Herzegovina sooner or later.

Interior Ministry Introduces 'New Curfew Regime'

AU1506084895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 15 Jun 95

[FBIS Translated Text] After having assessed the security situation and with the goal of preventing human casualties caused by the aggressor's constant operations, the minister of the interior of the Republic of Bosnia-Herzegovina has issued a decision on a new curfew regime. By the order of the minister of the interior, as of 15 June, the movement of all persons on the territory of the Republic of Bosnia-Herzegovina is limited during the period between 2100 and 0600 [1900-0400 GMT], the Information Service of the Ministry of Internal Affairs has announced.

Importance of Recent HVO Successes Viewed

AU1306175295 Zagreb HRVATSKI OBZOR in Serbo-Croatian 12 Jun 95 p 13

[Interview with Vladimir Solic, "defense minister" of the "Croat Republic of Herzeg-Bosnia," by Miljenko

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Karacic; place and date not given: "What Is Ours Is Ours...."]

[FBIS Translated Text] Good news has been arriving from the Livno-Kupres front. Croatian Defense Council [HVO] troops have been liberating new territories towards [Bosansko] Grahovo. The Knin-Grahovo road is now under their control and all the positions taken on Mt. Dinara are firm. By taking several important elevations, the Croatian defenders have created panic not only in Grahovo and Glamoc, but also in Knin, Benkovac, Obrovac, and other occupied territories in the Republic of Croatia. We asked Vladimir Solic, defense minister of the Croat Republic of Herzeg-Bosnia, who keeps up with the daily developments in the broader Livno and Kupres area, why such an important military action, which has confirmed the power of the HVO, has taken place at this time.

[Solic] The state of neither war nor peace, Croatian territories under occupation, and the constant suspense over the Serbian aggressor's armed provocations put us in a position that we could simply no longer bear. There is no need to any more, since the Croat Republic of Herzeg-Bosnia is a well-organized state, in view of the war conditions, and the HVO is a real army. We can defend the free Croatian territories in Bosnia-Herzegovina and liberate the occupied ones and we are determined to do so, as we have shown. We do not have problems with mobilization as far as liberating Croatian territories is concerned. It may seem unreal, but our experienced soldiers are happy to receive orders to join liberation actions and move forward.

[Karacic] What do the latest actions in the Dinara area mean in the military and political sense?

[Solic] With the actions on Dinara and the broader areas of Glamoc and Grahovo we achieved great military and political success. We believe that this is a major step towards a peaceful solution. Only equal partners or conflicting sides can achieve a just and mutually satisfactory solution. We believe that we are militarily, politically, and organizationally strong enough to be able to achieve a just solution.

[Karacic] If this is so, can the constant shelling of the broader Livno area be prevented? The general alarm is being sounded several times every day in that town.

[Solic] The Serbian army controls important elevations from which it is constantly targeting Livno and Kupres. We have now taken elevations from which we can return fire at strategic Serbian targets and facilities. I believe that we will establish a position that will be even more favorable, that is, that we will achieve what our people want and have a right to, what our elders often put this way: "What is ours is ours, and what is Serb is Serb, and we will live in peace."

[Karacic] The Serbs have lately been attacking the Bosnia-Herzegovina Army-and HVO-controlled areas. How is cooperation between the two components of the armed forces of the future Croat-Bosniak Federation?

[Solic] We have not had any joint actions with the Bosnia-Herzegovina Army, but there are coordinated activities, which is very important for both sides. The fact is that the power of the HVO and the Bosnia-Herzegovina Army together is greater than the power of the Serbs and that the Serbs have occupied territories in which Croats and Bosniak-Muslims are a majority. This calls for cooperation and a clear definition of aims and relations. Certain forms of coordination will be established between the Croatian Army, the HVO, and the Bosnia-Herzegovina Army, which will yield even better results and lead to a just and permanent solution.

'Situation Right for New Peace Conference'

AU1506110795 Belgrade NASA BORBA in Serbo-Croatian 14 Jun 95 p 2

[FONET report: "Situation Right for New Peace Conference"]

[FBIS Translated Text] Pale—Aleksa Buha, foreign minister of the Serb Republic, stated at yesterday's news conference by the Serb Republic leadership that the current situation is right for calling a new peace conference on the former Yugoslavia, SRNA reports.

"It is enough to change the premises on which the peace process so far has rested, and we will have peace in a few months," Buha stressed.

Asked by the reporters as to who it was that, on the behalf of the international community, promised the Serb Republic and Serbia that force would not be used in future, Buha stressed that "these are people we respect," avoiding giving their names.

Radovan Karadzic, president of the Serb Republic, also told reporters yesterday that the Serb Republic leadership "expects a lot" from Carl Bildt, the new mediator in the negotiations on Bosnia-Herzegovina.

"At the beginning of next week he will visit all three warring sides, and I think we will therefore finally move toward peace," Karadzic said.

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Karadzic Views Latest Muslim Army Offensive

Muslims Against Negotiations

AU1506102395 Paris AFP in English
1004 GMT 15 Jun 95

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina, June 15 (AFP)—Bosnian Serb leader Radovan Karadzic on Thursday accused the Bosnian government of staging an offensive north of Sarajevo in order to stymie peace talks.

"It's not the first time the Moslems have launched an offensive against Ilijas," near Sarajevo, he said. "They want to prevent any move toward negotiations."

He denied that Serbians were encircling Sarajevo, insisting that all the territory around Sarajevo was Serbian. But, he added, "We are still ready to open access to the city."

He made his comments as the self-proclaimed Serbian parliament was preparing to meet in Bistrica, near Pale, the capital of the self-proclaimed Serbian Republic.

He said the 11 Canadian UN troops that had been held by Serbs were now free, and that 15 UN military observers would be freed by Sunday. "They will be released at the same time as the four Serbs who are being held by UNPROFOR," the UN Protection Force.

Meanwhile, Miroslav Toholj, the Bosnian Serbian spokesman, said the large amounts of troops and materiel massed around Sarajevo increased the likelihood of a "big battle" erupting there.

In that case, "Sarajevo would no longer be a protected zone," he said.

Fighting was reported early Thursday amid rumors that the Bosnian authorities were preparing to break the three-year siege of Sarajevo.

'Muslims Should Be Bombed'

LD1506132495 Belgrade SRNA in Serbo-Croatian
1231 GMT 15 Jun 95

[FBIS Translated Text] Sarajevo, 16 Jun (SRNA)—Radovan Karadzic, president of the Serb Republic [in Bosnia], has confirmed that the Muslims today launched a fierce offensive on the Sarajevo front. He described this as their last attempt to change the situation on the ground.

Dr. Karadzic stressed that this Muslim offensive indicates that the Muslims are not prepared for a political solution to the conflict in the former Bosnia-Herzegovina and that they are trying to change the situation on the ground by military means ahead of a new peace conference.

The Serb Republic president pointed to the possibility that the Muslims obtained a signal from their mentors in the West before undertaking this offensive, but he stressed that they will not succeed in taking more territory than they currently have.

"There is no encirclement of Sarajevo because all the territory around the city is Serb. On the contrary we have on many occasions offered to open up the city in the belief that the Muslims would respect the agreements that we have signed. However, this did not happen. Now the Muslims should be bombed because they are the ones who are violating Security Council resolutions," he stressed.

According to him, the Muslims have mounted a fierce attack on the Serb defense lines from Hadzici via Ilijas to Nisici plateau but have suffered big losses.

"This is yet another of the Muslim large-scale offensives which they will lose again," President Karadzic said.

He declared that "Hadzici and Ilijas were heroic towns" and that this is not the first Muslim offensive designed to conquer Serb territories.

Asked about 11 Canadians detained by the Serbs in Ilijas, Dr. Karadzic confirmed that they are safe and will be freed.

"We should free the remaining 15 UN troops by Sunday. We do not see the United Nations as our enemy provided they do not bomb us again," Karadzic emphasized. He went on to say that he hopes the four Serb soldiers held by the French UN forces would be freed at the same time as the 15 UN troops.

Serb Assembly Session Opens; Topics Viewed

AU1406114595 Paris AFP in English
1049 GMT 14 Jun 95

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina, June 14 (AFP)—The self-styled Bosnian Serb parliament went into session near here Wednesday [14 June] with the unification of territory held by the Serbs in Bosnia and Croatia at the top of the agenda.

The "speaker" of parliament, Momcilo Krajisnik opened the session held in Bistrica, 15 kilometers (nine miles) from this Serb stronghold, and attended by 84 deputies as well as Bosnian Serb leader Radovan Karadzic.

Krajisnik said there were 45 points to be discussed during the session, which was only briefly opened to reporters.

Karadzic also asked the MPs to consider a resolution calling for the release of Vojislav Seselj, a nationalist leader recently arrested.

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The session, which was not attended by Croatian Serb officials, comes barely 24 hours after Karadzic announced the release of 130 of the 144 UN peacekeepers held hostage or surrounded by the Serbs. He said the remaining 14 would be released at a later date.

The hostage crisis was not on the agenda of discussions but it was unclear whether any of the MPs would raise the issue during the closed-door session.

On Tuesday Krajisnik warned that the parliament could decide to declare war in territory controlled by the Serbs in light of recent offensives by the mainly Moslem Bosnian Army.

"It is not ruled out that it (parliament) would decide to declare a state of war," Krajisnik was quoted by the Yugoslav BERTA news agency as saying.

The meeting Wednesday was taking place as thousands of Bosnian Army troops were said to be massing just outside Sarajevo in apparent preparation for a major military offensive to lift the Serb siege on the capital.

"Our intelligence can confirm that they (Bosnian soldiers) are massing around the Visoko and Breza area. This has been going on for weeks," said a UN official in Sarajevo who asked to remain anonymous.

The area, 20 kilometres (12 miles) north of Sarajevo, has been off limits to UN peacekeepers stationed nearby for some time. "As usual the (Bosnian Army) is being extremely clever, as they normally are, excluding UNPROFOR (UN Protection Force) troops around the area so that we cannot give that away," the official said.

Karadzic Call For Discipline

AU1506095295 Banja Luka Srpska Televizija in Serbo-Croatian 1830 GMT 14 Jun 95

[Report by Jelena Dabarcic]

[FBIS Translated Excerpt] [Passage omitted] Serb Republic Assembly deputies adopted a report on the early elections for deputies for the Srpska Kostajnica Municipal Assembly and rejected the UNPROFOR [UN Protection Force] demand for the establishment of a base for a UN unit in Ilijas. [passage omitted]

Radovan Karadzic, president of the Serb Republic and president of the Serb Democratic Party of Serb Lands, pointed out that disaffected party members must be punished.

[Karadzic] We owe them our gratitude for the part they have played, for the period during which they worked well, but we must now bend the entire nation to strict discipline at all levels and bring the government, government services, and army under control. Regarding the army, there are strong demands to change its behavior, to tighten discipline, etc. In other words, we must be aware that we will all be brought to heel. I am proud that this assembly can tell each and every one of us what our faults are and what it is we must do.

[Dabarcic] The deputies continued the session, discussing this agenda item. [passage omitted]

Declaration on B-H Recognition

LD1406201795 Belgrade SRNA in Serbo-Croatian 1858 GMT 14 Jun 95

[FBIS Translated Text] Sarajevo, 14 Jun (SRNA)—Today, deputies of the Bosnian Serb Republic People's Assembly adopted a declaration in connection with the efforts of the international community to get Serbia, or rather the Federal Republic of Yugoslavia, to recognize the so-called Bosnia-Herzegovina [B-H] Republic. The text of the declaration, signed by Assembly Speaker Momcilo Krajisnik, follows:

"The People's Assembly of the Bosnian Serb Republic is convinced that all the demands and pressure on Serbia and Yugoslavia to recognize the so-called Republic of Bosnia-Herzegovina are part of the policy of the destruction of the whole national existence of the Serb nation.

"It is superfluous to stress that such an act would not contribute to the advancement of the peace process, while it is certain that it would lead to a flare-up in the war and to the mutual extermination of people and nations in the former federal republic of Bosnia-Herzegovina.

"The People's Assembly believes that no one has the moral, political, historical, national, or human right to accede, in the name of the whole Serb nation, to this shameful act of betrayal, which the possible recognition of the so-called Republic of Bosnia-Herzegovina would represent.

"Such an act would, for the Bosnian Serb Republic, be null and void both in the formal legal and in the factual sense.

"The People's Assembly appeals to the official institutions of Serbia and Yugoslavia to wait for the end of the peace process and only after this consider the issues in this area."

Economic Policy Issues

LD1406215595 Belgrade SRNA in Serbo-Croatian 1322 GMT 14 Jun 95

[FBIS Translated Text] Sarajevo, 14 Jun (SRNA): At today's session, the deputies of the People's Assembly

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of the [Bosnian] Serb Republic adopted the bases of economic policy and the republic's balance of public spending for 1995.

The intention is to establish the conditions, targets, directions, basic tasks, and economic policy measures of the Serb Republic for this year. The public spending balance was drawn up on the basis of the level of income and expenditure realized last year and consideration of all the circumstances in which the state finds itself.

The public spending balance envisages radical measures to increase export earnings and reduce the deficit, which was very high last year.

The deputies adopted the budget of the Serb Republic with amendments and the government was asked to find additional resources for the public fund for the republican health service on the basis of amendments proposed by Deputy Dragomir Kerovic.

The decision on the adoption of the budget of the Serb Republic and the law on its implementation giving the beneficiaries of budgetary funds certain powers and obligations was adopted unanimously.

The session also adopted the law on customs and excise duties with amendments. These laws will regulate the levying of excise duties on certain products and taxation of turnover, goods, and services.

Excise duties for a number of products are determined in German marks or another convertible currency, while other products are taxed in dinars. Turnover tax on goods will be paid at a rate of 25 percent for certain products and 7 percent for others.

A report on the military-political situation will be submitted at the end of the assembly session together with a report on the work of the government in the past year. The debate on these topics will take place behind closed doors.

The session of the assembly is expected to end at 2200 [2000 GMT] this evening and to resume at 1000 tomorrow.

Army, Health, Education

AU1506093195 Banja Luka Srpska Televizija in Serbo-Croatian 1830 GMT 14 Jun 95

[Report by Vedran Skoro]

[FBIS Translated Excerpt] The 51st session of the Serb Republic [RS] National Assembly began with the national anthem and a minute of silence for the Serb soldiers killed during the period between the two assembly sessions. The session, chaired by Assembly Chairman Momcilo Krajisnik, is attended by RS President Radovan Karadzic, Vice Presidents Biljana Plavsic and Nikola Koljevic, RS ministers and members of the RS Army General Staff, as well as other dignitaries.

In the first, open part of the session, deputies passed a series of bills crucial for a more efficient functioning of state bodies and institutions. They also adopted a proposal for the basis of economic policy, as well as the proposal for the balance of public consumption of the republic for the current year. The balance of public consumption plans an increase in direct revenue and a reduction of the deficit, which was extremely high in the past year. The Assembly unanimously adopted the proposal for budget for the current year with amendments and entrusted the government with providing additional funds, on the basis of amendments, by the next session, i.e. with finding sources for the financing of medical services. It was emphasized that the army, medical services, and the school system still take priority and will be financed from the budget. [passage omitted]

Appeal for Seselj's Release

LD1406210095 Belgrade SRNA in Serbo-Croatian 1858 GMT 14 Jun 95

[FBIS Translated Excerpt] Sarajevo, 14 Jun (SRNA)—Today, deputies of the Bosnian Serb People's Assembly adopted a declaration in connection with the efforts of the international community to get Serbia, or rather the Federal Republic of Yugoslavia, to recognize the so-called the Republic of Bosnia-Herzegovina.

An appeal was sent to Serbian President Slobodan Milosevic to use his constitutional authority to order the release of Vojislav Seselj, president of the Serbian Radical Party [SRS], SRS Vice President Tomislav Nikolic, and other members of the party. [passage omitted]

Further Debate on Corruption

LD1406223095 Belgrade SRNA in Serbo-Croatian 2134 GMT 14 Jun 95

[FBIS Translated Text] Sarajevo, 14 Jun (SRNA)—This evening, the Bosnian Serb People's Assembly adjourned its 51st session. The session is to be resumed at 1000 on 15 June.

This evening deputies at the session considered a report on the work of the Bosnian Serb government in 1994.

Prime Minister Dusan Kozic submitted a brief report on the government's work, pointing out that in the second part of the year the government's work had become more difficult because of the sanctions imposed by FRY [Federal Republic of Yugoslavia] along the Drina river.

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Kozic stressed that in this period there had been a fall in output and in living standards. He stressed that the families of soldiers who had been killed, the disabled, and pensioners were in the most difficult position.

The prime minister stressed that even in these difficult conditions the Bosnian Serb Army had succeeded in preserving the borders of the Republic, that educational establishments in the Republic had been working normally, and that the population had been afforded regular medical treatment.

Analyzing the report, speaker Momcilo Krajisnik insisted that reports on the hitherto much talked about "affairs" should be clarified. These related, above all, to the sale of aluminum from the aluminum combine in Herzegovina, oil imports, and the affair in connection with the sale of Golf automobiles.

The debate on all issues is to be continued tomorrow because the Assembly speaker insisted that the people be acquainted with the detailed proceedings of the investigation and the initiation of legal proceedings.

At Kozic's proposal, the People's Assembly appointed Jovo Rosic, Lazo Tomic, and Dragan Dragic as deputy prime ministers, and Marko Arsenic was appointed justice minister.

It is expected that tomorrow, apart from the report on the government's work, deputies will debate the military-political situation in the Republic, and the decision and constitutional law in connection with the unification of the Bosnian Serb Republic and the Republic of Serb Krajina.

Pale Assembly Votes To Unify With Krajina Serbs

AU1506145495 Paris AFP in English 1444 GMT 15 Jun 95

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina, June 15 (AFP)—The self-styled Bosnian Serb parliament on Thursday [15 June] voted in favour of unification with the self-proclaimed Serb republic of Krajina, in neighbouring Croatia, SRNA new agency said.

Members of the parliament also adopted a constitutional law for a unified Serb "state" to be.

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Ahrens Hopes for Croatia-Krajina Talk Resumption

LD1406222995 Belgrade TANJUG in English 2130 GMT 14 Jun 95

["Pool" item]

[FBIS Transcribed Text] Zagreb, June 14 (TANJUG)—Ambassador of the International Conference on the Former Yugoslavia [ICFY], Geerd Ahrens, said here Wednesday [14 June] that new ICFY co-chairman Carl Bildt should be expected to move for a resumption of the Croatia-Krajina talks.

After meeting with Hrvoje Sarinic, chief of the Croatian president's cabinet, Ahrens said ICFY officials were trying to broker new talks between Croatia and Serb Krajina that would be held in Geneva.

Ahrens said that did not mean that he believed the two sides would soon agree to meet in Geneva, but that ICFY officials would do all they could to make it happen.

He said he hoped that Krajina Serbs would also realise that talks were essential.

The Croatia-Krajina talks were cut short after Croatia's aggression on western Slavonia, Serb Krajina, on May 1-2, during which Croatian troops killed at least 1,000 Serb Krajina civilians and forced about 15,000 people to flee their homes.

Serb Krajina leaders say they will not negotiate with Zagreb as long as it keeps western Slavonia under occupation.

Tudjman's Son To Head Intelligence Service

LD1506103395 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 15 Jun 95

[FBIS Translated Text] In accordance with the law regulating the national security department, the Croatian president has appointed Dr. Miroslav Tudjman deputy head of the national security department and director of the Croatian intelligence service. General Milo Cuk has been appointed director of security staff of the national security department [ravnatelj stozera osiguranja ureda za nacionalnu sigurnost].

Article Views Law on National Security Office

AU1406175595 Rijeka NOVI LIST in Serbo-Croatian 26 May 95 p 7

[Article by Igor Vukic: "The National Security Office: National Security or Legal Totalitarianism?"]

[FBIS Translated Text] May 29th may see one of the last chances to prevent the legal and formal installment of a totalitarian system in the Republic of Croatia, which may eventually threaten state security. Namely, early next week, the Chamber of Counties representatives will discuss the voting of the suspensory veto on the Labor Act and the Law on the National Security Office [UNS], the latter of which was the reason the serious qualifications were stated in the former sentence.

The Chamber of Counties adopted the Law on the UNS immediately after they adopted the Labor Act. This took place late Wednesday. Opposition representatives left the parliament hall in the midst of the Labor Act's adoption and watched on the TV screens in the parliament hallways how the law on the UNS was being thrown onto the tables before the 72 HDZ [Croatian Democratic Community] representatives. After the third express reading, the law was adopted.

The UNS existed before, but only as an advisory and analytical body within the presidential cabinet. However, with this law, the UNS becomes an executive, operative body that will also coordinate and supervise the activities of all the other intelligence services, under the exclusive and almost unlimited control of one person—the president of the republic.

The law says that the UNS is "a state executive body that coordinates, guides, and supervises the activities of the state management bodies, whose activity is in connection with carrying out national security activities." The office is to coordinate the activities of the state ministries (primarily the Ministry of Interior and the Foreign Ministry, as well as the Defense Ministry, and according to some opinions, the Ministry of Finance, as well as other ministries, according to the needs), in carrying out national security tasks. It will guide and supervise the activities of intelligence and counterintelligence services, analyze intelligence information for the president of the republic and the government, and secure counterintelligence protection and security of the president of the republic, parliament, and the government, as well as their facilities.

Presidential Control Strings

The office will operate "in accordance with the general and specific instructions of the president of the republic." The Office will be run by the "head," who will be appointed and relieved of their duties by the president of the republic. The head will answer to the president of the republic for their own activities and the activities of the office. The frequency of the syntagma "president of the republic" is more than indicative, is it not?

The presidential control strings will be pulled through the so-called Headquarters Committee for National Security. This body will meet once a month and will

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consist of the head of the office and their deputy, the head of the Croatian Information Service (presently Miroslav Tudjman), and ministers of the state ministries. The government ministers will thus be "pulled out" of the prime minister's jurisdiction and be subjected almost directly to the president of the republic.

The internal organization of the UNS is quite unknown, and much of it depends on the president. The law only says that there are offices in the UNS—the Croatian Information Service, the Supervising Service, and the Security Headquarters, and the founding of other units is also possible. The decision on the internal organization of the office, which is made by the president of the republic, will determine which activities will be done by whom.

Article 10 determines who the "operatives with special duties and authorizations" will be. These UNS members have the "rights and duties of the authorized Foreign Ministry officials as determined by the law." They are, therefore, given the possibility of operative activities, including arrests. The UNS thus becomes a police, at the same time parallel and superior to other Croatian secret police organizations. With the above-mentioned mechanisms of dependence on the president, it becomes Tudjman's almost private secret police!

Perica: The Multiplication of Intelligence Services Threatens Civil Rights

Needless to say, there is hardly any other control of the office activities. Following severe opposition protests in the parliament hall, which did slow down the passing of the law and postponed its adoption at least until the third reading, the absence of any other control except presidential has been only slightly mitigated in the law. The law says that "the control of the legality of the office is carried out by the president of the republic as well as the Chamber of Representatives, through the Committee for Domestic Politics and National Security." The UNS will submit an annual report on its activities to the committee, and, at the request of the committee, special reports on individual activities from the scope of the UNS activities.

This is just about everything that is possible to know about the UNS activities (naturally, the reports are a state secret). Jozo Rados of the HSLS [Croatian Social Liberal Party], member of the committee who attempted to change the law with amendments, pointed out that such services are difficult to control even in democratic countries that have a relatively well-established control—efforts are made to get the secrets out of police control—and who knows how things will turn out now that even the formal control is so "softly" regulated.

Djuro Perica also opposed the law, even though he is member of the HDZ—taught by his own experience and "close encounters" with the secret police. He pointed the finger at the special authorities of the UNS members that were originally regulated in accordance with the Law on Domestic Affairs. "What happens when the UNS people arrest someone—whom will they turn them to, and will it happen that someone disappears for 15 days or a month without anyone knowing about what happened to them?" asked Perica, claiming that the increase of secret police organizations threatens civil rights.

His initiative proved fruitful, but there are opinions that, with the best of intentions, he procured an even worse solution. Namely, in the final version, the special duties and authorizations are determined by the law (author's note: the Law on the UNS). Josip Manolic considers this even more dangerous. He says that "the Law on Internal Affairs regulates the activities, rights, and duties of the members with special authorizations, while with the accepted formulation this is not at all clearly determined."

Manolic: Possible Undermining of State Security System

According to Manolic, the installing of the UNS may undermine the state security system. Namely, he believes that with this legal solution, there will soon arise an unnecessary rivalry among the services: "The overlapping of struggles for authority may hamper them to a great extent and decrease their efficiency, as well as deform them and make them close down."

Why such a law then? Ivic Pasalic's statement, saying that the law should be passed because of the possibility of "conflict on the edge of politics, particularly at the time of the preelection campaign" is well remembered. The rare words of praise of the law were also heard from the former head of the UNS, Krunislav Olujic, who said something like it is better to have any than no law. Josip Manolic believes that the law is on the line of general centralization, which is an expression of the tendencies towards creating a monopolistic, authoritarian system. According to Manolic, everything was caused by the "fear of the change of the balance of powers in the parliament and the government as the political executive authority."

Though there are opinions that it will be possible to refute the law through constitutional charges, since it has no background in the Constitution (it is based on Article 94 of the Constitution, and the opponents claim that it does not cover the enforceability of the UNS), the chance for it to be thoroughly "shaken" will come up on Monday. However, judging by the former experiences

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with suspensory vetoes and the majority that the HDZ has in the Chamber of Counties, the chances of the Law being taken back for alterations and redecision to the Chamber of Representatives are indeed very slim.

Strength of Opposition Challenge to HZDS Viewed

AU1506091795 Rijeka NOVI LIST in Serbo-Croatian 9 Jun 95 p 2

[Commentary by Drazen Vukov Colic: "The Opposition Is Afraid of Its Own Courage"]

[FBIS Translated Text] It is usually claimed that every nation has the rulers it deserves, but it seems that this wisdom could also be applied to the Croatian opposition, which has, after the self-adoring, pompous, and untouchable celebration of Croatian Statehood Day, perhaps realized that the ruling party in Croatia is doing everything to completely rewrite recent history and to seal the present and the future. In that kind of scenario, voices other than these can hardly have a fair chance. All opposition parties have finally gathered this year to discuss the democratic rules of the game, in other words to fight together for multiparty supervision of the elections and the election law, which should not correspond to the wishes of the ruling party only in all its details, although only things that the HDZ [Croatian Democratic Community] considers to be the least dangerous can be adopted by the kind of parliament Croatia has at present, given the present understanding of basic political fair play. There are already too many decorations on Croatian chests and too many BMWs in the yards of too many villas, which make it possible that various election deceits are accepted as in "Croatia's national interest." Although it might sound paradoxical, the HDZ has already so much power that only an internal conflict over how to distribute that wealth among the party factions could, in the best and most efficient way, push it to the edge of reckless self-destruction.

Regardless of all that, this gathering of the opposition parties regarding the rules of the election game can be compared to the early laments of a soccer team that is contesting the outcome of an away match in advance, not knowing whether it will only be able to defend its goal, whether it will benefit from the other team's mistakes in the face of rare counterattacks, or whether it will succeed in playing a coordinated game against the surprised home team. No matter how uncertain and close election conflicts may be, honest counting of the ballots and generous election laws have always accounted for the decisive difference between victory and defeat; in political soccer it is not enough to set offside traps, it is necessary to score goals. The Croatian opposition constantly goes through identity crises, which have already caused various rifts in almost all opposition parties—from the basic rifts that arise from the selection of the political tactics to those caused by conspiracies—so that the opposition, perhaps only subconsciously, always returns to its goals minimum: It is not important to reach the peak, it is only important to remain in the game.

Rumor has it that the leadership of the strongest Croatian opposition party, the HSLS [Croatian Social Liberal Party] is going through such a crisis at present. We recently wrote in this column that, on the occasion of the celebration of its 6th anniversary, the HSLS decided to challenge both the ruling party and the opposition more decisively. In a multiparty system, the struggle for power and for a decisive victory in elections is not an "antinational shame." Nobody in a mature democracy would think of declaring that a legal opposition is the grave digger of the state, even if a national savior, such as Charles de Gaulle, were forced to resign or a war hero, such as Winston Churchill, were defeated in an election.

When it seemed that the HSLS had decided to, at least partially, bite through the political muzzle that the ruling party maintains on everybody, VECERNJI LIST published that Drazen Budisa—tired of the constant political provocations by a well-known member of parliament from the ruling party; provocations that might also have been controlled from outside—submitted his, still unconfirmed, resignation. According to the opinion polls, he is the only politician who could bring about a second election round and force the ruling party to negotiate with the coalition. Well-informed people claim that the man he constantly defended and supported succeeded in making him sick of politics, temporarily at least, so that if the rumor proves to be true, the ruling party should immediately erect a monument to "this opposition politician within the opposition itself."

The whole thing will most probably prove to be a storm in a teacup, but even as an unconfirmed rumor it shows that the Croatian opposition is afraid of its own courage, even when it comes to putting in order within the opposition itself. Everything Mr. Canjuga has again provoked by accusing the opposition parties—which talked with the Sarajevo democrats—in his spying manner, show that the HDZ fears that neither Operation "Bljesak" [Flash] in western Slavonia nor the pompous Statehood Day celebrations, during which the HDZ mostly congratulated its own members, will be enough for a clear election victory, so that it is again trying to accuse the opposition of the attempt to restore Yugoslavia "under the Bosnian cloak," everything with the goal of declaring that the opposition is a subversive scoundrel. This is, however, too bold an accusation

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from the party that "was the first to recognize Bosnia-Herzegovina, and the second to start partitioning it," as many foreign experts claim, but Canjuga, as a verified master of political own goals, has again "discovered a skeleton in his own closet." When a shotgun is used to shoot a mosquito, it is a reliable sign in politics that guns will be heard if the public starts behaving obstinately and presents the untouchable ruling circle not only with a letter of thanks, but also with a letter of dismissal.

Stabilization Efforts in Croatia Assessed

95BA0264A Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 15 May 95 p 14

[Article by Klaus W. Bender: "Croatia Reaps First Fruits of Its Stabilization Efforts, but the Economy Is Still on Weak Footing; Many State-Owned Enterprises Are a Heavy Burden"]

[FBIS Translated Text] Zagreb, May—The carefully renovated house facades, meticulously tended parks, countless sidewalk cafes, and full store windows in the Croatian capital give the impression of relative prosperity in a time of peace. In the fall of 1993, the young republic decreed a harsh stabilization program to combat an annual inflation rate in excess of 1,000 percent, and in May of last year it introduced a new currency, the kuna. Now the country is reaping the first fruits of its efforts.

Croatia is now one of the very few reforming countries with a balanced state budget, stable prices, and a positive balance on current accounts. And although the young state began with an empty treasury, today the Croatian National Bank (HNB) alone has more than $1.6 billion on hand as official foreign exchange reserves. Croatia is even experiencing economic growth. Amid constantly rising industrial production, real growth of 0.8 percent was achieved in 1994, for the first time since 1987. This year, according to the chief economist at the National Bank, Marko Skreb, growth could rise as high as 7 percent without any worsening of the other basic figures.

Admittedly, the recovery is at a low level, because industrial production has shrunk by one-half since 1990. But still, it is a show of strength. During the war, not only was a significant portion of industry destroyed, but one-fourth of Croatian territory was and continues to be occupied by Serbs. Serb control of the transportation and energy supply node at Knin in particular is disruptive, because this means that the Croatian paths of communication with the Dalmatian coast are in effect severed.

In Dalmatia, once the most flourishing region for tourism in the entire Mediterranean, the tourist trade has collapsed completely in the coastal zone between Zadar and Dubrovnik, due to the latent threat by Serb chetniks. Moreover, the 4.8 million Croatians must feed, besides the (officially) 105,000 soldiers, also 1.4 million retirees, refugees, and unemployed persons—more people than there are jobs in the republic.

After initial hesitation, Western aid organizations have begun to reward the "remarkable" success of the stabilization program, as the International Monetary Fund (IMF) recently called it. However, the aid payments, made in installments, are remaining within tight limits. In the fall of 1994, a standby credit and special funding for structural adjustments were agreed to with the Fund. The accord is linked to regularly monitored reform criteria and paved the way for the debt rescheduling agreement with the state creditors (Paris Club) this past March. Negotiations are underway on a similar agreement with private creditors (London Club). National and international financial institutions have in the meantime promised project-specific funding. The EU Commission has a negotiating mandate for concluding a trade and cooperation agreement with Croatia. Its inclusion in the PHARE [Economic Reconstruction Aid for Poland and Hungary] aid program has been under discussion most recently.

The populace has paid a high price for macroeconomic stabilization. The standard of living has plummeted. In April 1991 the government froze $3 billion worth of Croats' foreign exchange savings at local banks, much of it the result of emigrants' life of deprivation and their only security for the later years. Beginning in June, these deposits are to be disbursed over the course of 10 years.

For the average Croat, the goods so attractively displayed in the store windows, with German-level prices (but not quality), are out of reach; his monthly income is currently the equivalent of around 350 German marks [DM], and before the stabilization program was launched it had fallen to as low as DM100. Anyone with relatives living outside the cities gets his basic foodstuffs there.

The figure for the official registered unemployed is 250,000 persons, or 18 percent. In many cases the only remaining source of income is money remitted by family members working abroad. Last year that amounted to a half a billion dollars via official bank routes. The National Bank estimates that another billion entered the country illegally.

Now the critical task is to reorganize the industrial enterprises and banks in order to give people the sense that things are moving in a positive direction in those areas as well. However, the Croatian leadership thus far has largely failed with regard to the transformation of the

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economy, especially in transferring the dominant major state-owned enterprises to private hands. Domestic and foreign critics allege that this has been done intentionally, because the government fears losing control over the economy.

The share of the private economy in the gross domestic product is estimated at no more than 30 percent. Thus far, only trade and small industry have been truly privatized. The attempted privatization of the "socialized enterprises"—which were run autonomously by the management and work force during the socialist era—has largely failed because of utterly excessive pricing. Not only foreign investors have said no; Croats too are returning in droves the stock shares that they were to be induced into taking with a five-year installment payment plan. For now, the privatization of major state-owned enterprises and banks has not even been looked at; ultimately, their managers are among the most faithful followers of the current government.

All of this has fatal consequences for the Croatian economy, which is thirsty for fresh capital and in which there has been no notable investment since the beginning of the economic crisis in the second half of the 1980's. Infrastructure, factories, and even hotels and tourism facilities are mostly in a desolate state. The most urgent infrastructure projects cannot be financed because there are no domestic savings for it and the international capital market is still not providing loans for Croatia, nor does the budget provide for projects of such a large scale.

The central bank, with its strict policy of tight money, issues kunas only if foreign currency is exchanged for them. And sometimes not even then. Companies and financial institutions report massive (and in their view artificial) delays in the exchange of large amounts of foreign exchange into local currency.

On the other hand, with an official discount rate of 8.5 percent, the banks demand annual interest of up to 35 percent and often charge additional fanciful fees. One well-known financial institution recently charged as much as 5 percent a month. This is justified by large, unrecoverable claims against the major state enterprises. Although they were already partially disencumbered once in 1991, now they are insolvent again. If the government does not seriously privatize and restructure, then the Croatian economy faces collapse, worries National Bank economist Skreb.

In talks with visitors from the EU, high-ranking government officials visibly take pains to demonstrate this will to reform. Minister of Industry Nadan Vidosevic says that new efforts will be made in privatization and restructuring and that hopefully this will attract massive amounts of foreign capital beginning as early as the second half of 1995. He is currently working on a reorganization program for nine major state enterprises that have been hit especially hard, including five shipyards. He also hopes to interest foreign investors in these. Moreover, a consolidation program is set to begin for a select group of banks, with World Bank involvement. Ivan Penic, head of the new Ministry of Privatization, wants to bring a new version of the failed 1991 privatization law before parliament by summer, permitting the sale of major state enterprises as well. With the exception of a small number of strategic enterprises, everything will be disposed of, fair market prices will be asked, and foreigners too will be allowed majority shareholdings, the minister says reassuringly. However, both the political leadership and the people harbor substantial ideological reservations toward foreign capital. That is why, in view of the approaching elections, Croatian experts warn against entertaining unjustified expectations of liberalization.

Minister of Tourism Niko Bulic has high hopes for the future as well. In the days of the now-disintegrated republic, tourism brought in up to $3 billion in annual revenues. The majority of this was earned in Croatia but had to be sent off to Belgrade. Last year, thanks to high occupancy rates in Istria and on the islands of the Gulf of Rijeka, the Croatian tourism industry again registered $850 million in revenues. Now the country can keep that for itself. However, the Istrians are now angry that they must send "their" money off to Zagreb.

Bulic believes that this year the number of overnight stays by foreigners can be raised 30 percent, to 26 million. This would require a substantial contribution by the Dalmatian coast (Split, Dubrovnik). However, even in the (militarily speaking) relatively calm year of 1994 the guests came predominantly from the Czech Republic and Hungary, enticed with cheap offers. In contrast, the former, more free-spending regular clientele from Western Europe continued to hold back. Following the latest fighting, a revival of tourism on the Dalmatian coast is rather unlikely. There could even be cancellations in Istria and the Kvarner Gulf region.

Economically speaking, Croatia holds a better hand than rump Yugoslavia, which is further weakened by the economic embargo, by mere virtue of the tourism trade. In the longer term, the Croatians could economically outshine the Serbians just as much as South Korea has managed to do compared to communist North Korea. But Zagreb desperately needs Western capital and Western technology. Government aid organizations will continue to provide their meager assistance, but private investment capital will arrive in Croatia only after peace prevails. One Croatian investment banker in

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Zagreb has warned that his country's political leadership does not understand this causal relationship. The latest developments bear him out.

Article Describes New Domestic 'Degman' Tank

AU1106192595 Split SLOBODNA DALMACIJA in Serbo-Croatian 2 Jun 95 p 8

[Article by Mario Galic: "'Degman'—The Key to Eastern Slavonia"]

[FBIS Translated Text] The large exhibition of weapons and military equipment manufactured in Croatia, which is presently being held at the Zagreb Fair, offers the possibility to see at one place everything the Croatian industry succeeded in manufacturing for the Croatian Army since 1990. Among the large number of exhibits, there is one that stands out by its size and quality, and especially by its importance for the future balance of forces in this area.

The basic and the most powerful weapon of land forces is the modern tank. Since World War I there has not been a single weapon that has proven to be more decisive in the course of battles than the tank. The most modern tank the Croatian Army presently has is the M-84-A, but this will change soon, since the experts of the "Djuro Djakovic" factory in Slavonski Brod have successfully completed the development of the new tank "Degman," which will according to its characteristics surpass its predecessor. The new Croatian tank was named after the 411-meter-high peak of the Dilj Mountain. In the liberation of this peak the Croatian Army used for the first time the M-84-A tank, which was also manufactured in Slavonski Brod. The new Croatian tank was named after this peak in memory of that battle.

When the development of the new tank started, the experts decided to retain everything that had proven to be good in the "old" M-84-A, and change and improve all the elements that had not fulfilled the needs. The skeleton of the "Degman" tank is the M-84-A chassis and its basic structure, which have not been considerably changed so far. It has to be said, however, that "Degman" is still at the beginning of its development and that various modifications and changes will be made to it with time. All those M-84 elements that have proven to be very good in combat activities so far have been taken over without any significant changes. They include a massive structure consisting of a multilayered armor, especially resistant to hollow-cone charge shells. Considerable changes have been made only in the rear part of the structure, on the top of which a special armor was mounted, as an additional protection for the engine from shells hitting the tank from above.

"Sandwich" Armor

The largest and certainly the most important advantage in comparison with M-84-A has been achieved with a completely new turret. It resembles the turret of most modern Western tanks, which is not a coincidence, since the weakest point of the M-84-A is its turret with a too weak armor, since it is not resistant to antitank shells. A special problem is that the turret is thin on the flanks, especially in its rear part, which can be perforated also by weak antitank shells such as "Osa," or RPG-7. This disadvantage could have only been eliminated by a completely new turret designed for the protection of the tank crew against shells hitting the tank from any direction. The solution has been found in a completely new armor, the so-called sandwich armor consisting of composite materials. The first armors of this type were manufactured in Great Britain, and since they proved to be exceptionally efficient, they were soon used in the manufacture of all modern Western tanks. This turret type is used in the U.S. "Abrams," the German "Leopard-2," the French "LeClerq," the Israeli "Merkava-3," and a large number of other tanks. The "Degman" turret is made of a sandwich armor that offers equally good protection from both hollow-cone charge and "subcalibrated" shells. The new armor is an efficient protection against shells coming from any side of the turret.

In order to additionally enhance the general protection of the tank, a "reaction" armor was mounted on it too. This "reaction" armor consists of plates filled with specially treated explosive, the purpose of which is to destroy the head of a hollow-cone charge shell before it becomes active in the tank armor. This kind of armor was developed in Israel and was adopted by all members of the former Warsaw Treaty. The "reaction" armor mounted on "Degman" reminds one of the Israeli original, although it is not important what the plates look like from outside but rather the quality of the explosive used. The exact composition of both the sandwich and the "reaction" armor is the biggest secret in all the armies in the world that have them, so that this is a secret in the Croatian Army too.

Seventy-Five Kilometers per Hour

All these improvements have resulted in an insignificant increase in the new tank's weight compared to its predecessor, but owing to the new armor, "Degman's" protection system is significantly better than it was in the M-84-A. The empty "Degman" weighs 43 tons, which is only 1.5 tons more than the M-84-A. Although its protection system based on the armor is comparable to all modern Western tanks, "Degman" weighs 10 tons less! This means that the new Croatian tank will be

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able to use all pontoon bridges and similar devices now used by the M-84. It can be confirmed by Croatian Army engineers how important this advantage is. Apart from that, the insignificant increase in the weight has enabled the experts from "Djuro Djakovic" to install a new engine into the tank, which has the same maximum power as the M-84 engine (1000 horsepower) but whose other characteristics are much better, such as lower fuel consumption and higher reliability.

The gearbox has been changed too. It has become smaller, lighter, and simpler now. According to its characteristics it is even somewhat better than the previous one. In any case, all tank drivers will be happy about the new gearbox, because it will make driving easier for them, especially in combat actions. The further development of the new engine will also lead to the enhancement of the engine power, so that it can be expected that "Degman" will soon have a 1200 horsepower engine. With the new engine and the new chassis, "Degman" will reach maximum speeds higher than 75 km/hour. It should be mentioned for the purpose of comparison that the German "Leopard-2" reaches a maximum speed of 72 km/hour, and the U.S. "Abrams" only somewhat more.

The best known among the "Degman" characteristics are those in connection with its weapons. The "Degman" has the same gun as the M-84-A, which is not surprising, since the M-84-A gun has a caliber of 125 mm, which is the biggest tank gun presently used in military operations around the world. Since it has proven to be very efficient in combat activities, it has not been changed so far. The automatic loader has been retained, which means that three members of the crew are necessary and that the silhouette of the tank is very low.

It "Sees" During the Night Too

Three types of shells are used for this gun. "Subcalibrated" shells enter the armor by means of their kinetic energy. Hollow-cone charge shells make use of the directed energy of the explosive, and whose penetration power does not decrease at longer ranges. The "classic," splinter shells are used for attacks against people and unarmored transporters. Instead of enhancing "Degman's" explosive power by changing the gun, the Croatian experts decided to improve it with a new electronic targeting system. After its completion, the new system will—according to its characteristics—completely correspond to all comparable systems installed in the abovementioned Western tanks. And this means the introduction of "thermovision" too, which is an electronic device for observation that can recognize targets not only during the night but also in foggy and dusty conditions. This concretely means that Serbian tanks will not be able to hide any longer behind "curtains of dust."

When "Degman" starts joining the Croatian Armored Forces—and this will happen soon, because the exhibit presented in the show was so well equipped that it could have been sent immediately to the front—the Serbs will be facing yet another problem. Even more so, since not only the Krajina Serbs but also the Serbs in Bosnia-Herzegovina and the Serbian Army do not have a tank similar to "Degman." Since "Degman" is better than anything manufactured by Russia, the Serbs are not able to buy anything similar. Therefore it could easily happen that the tanks of the "Degman" type become our greatest trump card in the liberation of eastern Slavonia, a region appropriate for the use of tanks. It could become a place of the largest tank battles during the present war for the liberation of Croatian territories. Therefore "Degman" could change its name into "Slavonac" [Slavonian] too.

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Daily: Greek Lobby Buying Officials, Congressmen

AU1506071795 Skopje NOVA MAKEDONIJA in Macedonian 14 Jun 95 pp 1-2

[Commentary by N.R.: "The Greek Lobby Is Granting Holidays"]

[FBIS Translated Text] Matthew Nimetz is going to spend his summer vacation on the Greek islands. Former U.S. President George Bush is going on a cruise on the Aegean Sea, on the yacht of a rich Greek businessman. UN Secretary General Butrus Butrus-Ghali is going to receive the "Onassis" award of $1 million. Whether we like it or not, these pieces of news raise a number of questions about whether the Greek lobby is "buying" the negotiations with Macedonia [the Former Yugoslav Republic of Macedonia—FYROM]. After these lobbyist announcements, it is impossible to count on objectivity from the main negotiators. It has been finally revealed that the United States is not willing to finalize matters (regarding the dispute). It has also become clear why, more than a year since the "freezing" of diplomatic relations, the United States does not want to make a step toward full normalization. We can forget about Bush's visit, whose role is to serve as an agent for the promotion of Greek interests in the construction of oil pipelines from Russia (it affects Macedonia, but it is normal, because such "deals" are understandable in policy and business), but Nimetz's vacation, at a time when the negotiations have been at a "dead end" for two years, gives reason for suspicions, speculations, and even frustrations, because the least that we can expect of a negotiator is to be impartial and to hold negotiations instead of going on vacation.

Why, instaead of 180 other states, did Nimetz choose Greece for his vacation? Being an experienced diplomat, he knows that, because he is involved, his vacation can easily become the subject of speculations about whether he is going to pay for his vacation, or whether it is going to be paid for by the generous Greek Government. It is now becoming obvious that Nimetz's further role in the negotiations will unveil the whole truth. U.S. sources in Skopje claim that they do not know anything about the nature of his visit, while the U.S. Embassy in Athens says Nimetz's visit is private—that is, unofficial—stating that they are not familiar with any details.

What gives the whole case even more weight than it probably deserves, is the knowledge that the money of the big Greek lobby has been involved in U.S. policy and that, under the influence of the interests of these groups, the negotiations will be carried out the way they are being carried out now—with incertitude, permanent postponements, concessions to Greek requests, understanding for their emotions toward history, and so on. Every successful career in the United States is built on this principle of donations and, now that the presidential campaign has started, every inclination is of value. Although Nimetz is not actively involved in policy and although he is not paid by the U.S. Administration for his mediation services, since the time of his inclusion in Carter's political team he has undoubtedly been aware of the subtlety of his role, and moreover, of its susceptibility to influences and pressures. He should be aware of Macedonia's sensibilities, as a country that has suffered for over a year from the blockade on the border and in all the international organizations of which it absolutely must become a member, particularly when someone who has to be trusted as a mediator of good will goes on vacation in Greece, but has not found the time to visit Macedonia in the past six months. There is also a lot of Greek policy in the fact that, while Nimetz is going to spend his vacation in Greece, UN Secretary General Butrus Butrus-Ghali is going to receive an award of $1 million for special services in solving the problems that are burdening the Mediterranean (the unsolved Macedonian question, the unsolved Cyprus question, and the unsolved Greek-Turkish question). At the same time, Bush is lobbying for the redirecting of the path of the oil pipeline to cross Greece—and thus leave Macedonia dependent on energy supplies from its southern neighbor. Apparently, it is either a diplomatic error on the part of Clinton's mediator, or perhaps there is no interest in solving the question of negotiations between the two countries, an argument that supports the previous claims of Greek sources that the appointment of Nimetz was nothing but camouflage for keeping the question open. It is not necessary to mention how much the Greek Government and the lobbyists are willing to pay for this, knowing that hundreds of thousands of U.S. dollars are paid out as bribes to Greek journalists, for propaganda in foreign newspapers, and for the campaigns of various congressmen—let us not mention Butrus-Ghali and his $1 million.

Gligorov Agrees To Address WEU Assembly

AU1406193095 Skopje MIC in English 14 Jun 95

[FBIS Transcribed Text] The Information Service of the Assembly of the Western European Union [WEU] informs that the president of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], Mr. Kiro Gligorov, in answer to an invitation from Sir Dudley Smith, president of the Assembly, has accepted to address the Assembly of the WEU during its plenary session in Paris.

The Defense Committee of the Assembly of WEU adopted on May 24th a report entitled "The Eastern Mediterranean." Part of this report is dedicated to

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Macedonia. The report says that since Greece imposed its unilateral trade embargo on Macedonia in 1994, the industrial output of the country has dropped 9 percent. Macedonia is suffering enormous damages due to higher transportation costs (50 percent). Further on, the report determines that Macedonia's GDP in 1994 was less than half that of 1990. Registered unemployment is approximately 30 percent, with another 5 percent of the work force on forced leave. The unemployment rate is 38.3 percent, with 185,000 unemployed and 60,000 are on extended vacation. A total of 129,000 employed have not received any salary for months.

The report says that the Greek embargo has cost the country $600 million. While, as a result of the UN sanctions against FR Yugoslavia, Macedonia has suffered losses amounting to $1.8 billion for the period May, 1992 to May, 1993, and $1.3 billion from June, 1993 to June, 1994.

Therefore, the Defense Committee recommends that the Council of the Western European Union reminds Greece of the importance the WEU Council attaches to the place of the OSCE [Organization on Security and Cooperation in Europe] in the European security architecture and urges this WEU member state to stop vetoing Macedonia's accession to the OSCE.

Democratic Party Leader Explains Platform

AU1306170295 Skopje PULS in Macedonian 9 Jun 95 pp 7-9

[Interview with Tomislav Stojanoski, leader of the Tetovo-based Democratic Party of Macedonia, by Mirce Tomovski; place and date not given: "There Can Be No Happiness From the Misfortune of Others"]

[FBIS Translated Text] [Tomovski] The politica landscape of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] is full of parties that articulate different interests, so there is almost a range of political "frequencies." Where is the DPM [Democratic Party of Macedonia] politically engaged?

[Stojanoski] The dissatisfaction with the results of the first multiparty elections in 1990, particularly the disappointment of a great part of Macedonian citizens, accelerated the formation of the DPM on 1 April 1992, only a year after the first multiparty Macedonian Assembly was constituted. At that fatal moment in the development of our young Macedonian state, when the gap between the "left" and "right" political forces was evident, it was necessary to form a typically civil democratic party that would find a place in the political center. This idea probably encouraged other parties to adopt the prefix "democratic," which for a long time has caused confusion among the citizens and the future electorate.

The DPM is politically engaged in the Republic of Macedonia with all citizens that are democratically oriented and who claim the indisputable rights of personal freedom, freedom of conscience and religion, freedom of speech, opinion, and public appearance, the right to privacy, as well as other democratic achievements that imply political and economic freedom, national, religious, and sexual equality, social security and solidarity. In this context the DPM has a broad membership covering all nationalities, with different levels of education and jobs, a great number of young and unemployed, pensioners, workers, farmers, students, up to top managers and intellectuals, including professors and doctors of science from the republic's two universities, as well as academicians. We have a membership of over 10,000 and communal organizations in all the larger towns, as a result of which the DPM can count on a sure development, unburdened by internal divisions and conflicts, which are at this moment so characteristic of the greater number of political parties on the Macedonian political scene. As a matter of fact, the democratic alliance of teachers and citizens of the Republic of Macedonia has joined us, and thus the way for the creation of a Democratic center in the state has been opened, making room for the DPM to be joined by other political parties.

[Tomovski] Almost all parties in Macedonia have the prefix democratic. On which points of democratic provenence does the DPM insist and how much is it a part of the modern democratic processes that are currently under way in Europe? What is the connection with the political traditions in Macedonia?

[Stojanoski] The Republic of Macedonia does not have any long or party traditions, while the democratic parties in Europe are parties with a long tradition. The road to Europe implies democratic determinations and integration in a Europe without borders. In this sense the DPM's basic orientation is European political engagement, but it must be clear that the DPM is closely associated with the western part of Macedonia, which has a special meaning, but in essence the DPM is a party of Macedonia, which can be seen from its name.

[Tomovski] From all these positions the DPM probably has itw own particular relationship toward the central issues of the survival and development of the Republic of Macedonia—the political reforms, the economic transition, the social transformation, the multiethnic democracy, and so on.

[Stojanoski] As far as the political reforms in the state are concerned, I believe that, and we have written this

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down in our documents, the central issue is the development of democratic relations. In my opinion, the key problem is the slow construction of democratic institutions in the country (election system and election commissions, judiciary, lack of system laws, and so on). Regarding the economic reforms, they are among those issues that affect Macedonia's very existence. It is with them that we must persist despite all the problems we are faced with because of the gray economy, the poor functioning of the institutions that control irregular business, such as the financial police and relevant financial services, including what in a real market economy is absolutely necessary—the lack of a moral and business code. Moreover, the situation is also difficult because of the implementation of the transition in Macedonia—lowered production, unemployment, bankruptcy, lack of propects, and so on. In this sense social policy is a priority. In this framework, the social transformation follows the political and economic reforms instead of slowing them down or stopping them.

In such political and economic circumstances interethnic relations are of vital importance for Macedonia, as has actually been proved in all the other parts of former Yugoslavia. Macedonia is a multinational community, but the state is unitarian. The fact that many nations live together should not be a problem or a weakness, but should be a great asset. All nationalities as citizens are equal, and they themselves should not be separated or put in ghettos (as is the case with the Albanians). On the other hand, no ethnic group should be deprived of the most that results from European experience and is provided by international political provisions treating these issues. However, I think that what Macedonia has, is something that cannot be made up for, because Macedonia has a particular experience and tradition in this sphere, which is joint life in these territories. This is the basis of our multiethnic democracy.

[Tomovski] The DPM makes up part of the Macedonian Assembly. Is the DPM an opposition party or does it act together with the ruling coalition?

[Stojanoski] The relationship in the Assembly does not represent a true parliamentary democracy that can adopt necessary regulations, other documents, and laws in a "more efficient way." For the time being, the most powerful opposition parties have decided to be active outside parliament. That is their right and decision. I personally believe that this decision could have negative long-term consequences for themselves and the Macedonian democratic ambience. We have experience of four years of multiparty democracy and parliament, but we have now returned to the very beginning. Regarding your question on whether the DPM is a parliamentary opposition, my answer has been confirmed by the attitude in the Assembly itself (for instance, we disagreed with the government's views on a number of legal proposals and changes like the Law on Pensioners, and on many matters that are of vital interest to the Macedonian citizen, and we have acted as a typical opposition party in many instances), but I would like to point out that we will always support the state and its national strategic interests.

[Tomovski] Can we conclude that the democratic processes are at a standstill in Macedonia and do you share the view that the democratic space is being narrowed, as a result of which the state should not be accepted in the European institutions, as representatives of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] have demanded?

[Stojanoski] It it evident that the democratic processes are at a standstill. The reasons are well known but it should not push us to another extreme so as to be against the admission of Macedonia to European and world's institutions and associations. On the contrary, by joining these democratic institutions, greater pressure and motivation will be created for the development of democratic processes in the state.

[Tomovski] The DPM was founded in Tetovo and its political center is in that town. Don't you find it necessary, since Skopje is the central political place, to force political engagement there? It looks as if you have remained on the periphery or do you consider Tetovo a political alternative to Skopje?

[Stojanoski] The DPM covers the whole territory of Macedonia with its organization but, as you have noted, it is based in Tetovo. This means that the DPM has two dimensions. The one is to create a civil democratic party that would focus mainly on the interests of the citizens and the other to locate our headquarters so that it will be an advantage and not a handicap. The vision that Tetovo will represent a second political center in Macedonia came as a result of a feeling that it is precisely this town where the fate and future of our small state will be decided. Tetovo is also the headquarters of a number of ethnic Albanian parties in Macedonia, which creates particular interest among nearly all international organizations, institutions, and world diplomacy, which is so often present in our town. Until now, we have been working successfully from Tetovo, first of all thanks to the "image" created and, of course, due to the fact that we are in the vicinity of Skopje, but we lack the support and interest of the Republican mass media, which is not the case with other political parties located in Tetovo.

[Tomovski] The western part of our state now represents one of the subtlest and most complicated political areas

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for many reasons, especially interethnic. How does the DPM assess the interethnic situation in this area?

[Stojanoski] The complex situation in the western part of our state has been accurately defined by the interethnic relations, which have a dominant influence on the overall situation in the Republic of Macedonia. If it has now become a platitude to say that there cannot be stable Balkans without a stable Macedonia, then it is also true that there cannot be a stable Macedonia without stable interethnic relations. The DPM takes Macedonia as the fatherland of all its citizens, whose loyalty to the state is the basis of all national and civil rights. All citizens should equally feel Macedonia is their fatherland, including all its attributes and symbols (the anthem, flag, coat of arms, and so on). Unfortunately, the situation is much more different, more complicated, more unfavorable than is defined by official policy, which describes it as satisfactory, as developing, and as not so bad as to involve unrest among the citizens, and so on. These conclusions are diluted. If the real situation is hushed up, it could be disastrous for all citizens in the Republic. The attempt to set up the so-called Albanian University in Tetovo, and the fact that this old idea has now been presented as a new model (unprecedented) of a trilingual institution, that is, a U.S.-Albanian-Macedonian University, has had a particular influence on the deterioration of interethnic relations. The DPM considers all this a major destabilizing factor in the interethnic sphere and the state, particularly because the whole Albanian nationality has been involved in these manipulations of such political absurdity.

[Tomovski] The Albanians are our reality and tradition, an integral part of our life and political landscape. How are they experienced in the DPM party observations? Is there a difference between real life and what political parties say to be the spirit of the Albanians in Macedonia?

[Stojanoski] Some of the DPM's members are Albanians, which confirms that this is a civil party and that anyone who supports its program and platform can be a member. I, the leader of the DPM, have never said that there are no possibilities for understanding, cooperation, and even coexistence, since we all live together and share a common fate. I personally have a large number of Albanian friends, ordinary citizens with whom I have frequent contact. The problems have not escalated so much as not to have mutual contacts, or not to support each other as citizens. However, interethnic relations are burdened by the attitude, activities, and platforms of the ethnic Albanian parties, which advocate autonomy, cantons, and federalization, "Ilirida," as well as Great Albania in this region. Let me be straightforward: It is one thing to live day-to-day life and it is another thing to try to achieve what the political parties want to. In other words, they are trying to construct an image that is not real. We as a democratic party do not underestimate the danger of Macedonian nationalism and its harmful impact on interethnic relations. However, Macedonian nationalism has been irritated by Albanian nationalism in this area. For us, being a civil democratic party, anything that is extreme, aggressive, breeds hatred or divisions among people, national hegemonization, or getthoization is an unacceptable political platform and attitude.

[Tomovski] Does this mean that you accept the claims that there is no chance of coexistence in the western part of Macedonia, that the processes for parallel life are strong, that Albanization is a fait accomplit, that this part of the state has been definitely lost. Does the DPM accept these theses? How much is this real and how much is the political marketing of Albanian or Macedonian nationalism?

[Stojanoski] The violation of the Constitution and laws in all spheres of public and social life, the demands that the Albanians be recognized as a state-constituting nation, the fact that Macedonia is not felt and recognized as one's own fatherland, the demographic explosion and permanent migration from the Federal Republic of Yugoslavia and National Republic of Albania, as well as the obvious forcing of the lie about alleged lack of rights of the Albanians, the affair of the paramilitary army and the so-called university, must be the final signal that a legal state must definitely start to function in all the domains, because all these events create possibilities for such theses.

[Tomovski] What do the people in this region fear? What do the Macedonians, and what do the Albanians fear? How strong is the tradition and historic memory, and what are the new values of the multiparty system and political pluralism?

[Stojanoski] During the Second World War, Tetovo as well as the western part of Macedonia, was under Italian and Great Albanian occupation, and Tetovo was the last town in Macedonia to be liberated on 19 November 1944, after bloody showdowns with the known evil Ballist gangs. If the idea of a Great Albania has been uninterruptedly and continually present in this region since 1878 (the First Prizren League) until today, if this idea is the platform of a great number of Albanian politicians in Macedonia, with a modified indication that all Albanians must live in one state, does this idea not represent a real danger for the integrity of the western part, and therefore for the entire Republic of Macedonia? The Albanians in this region enjoy full equality under the Constitution and in their political

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status, they enjoy basic human rights and freedoms, and their cultural, ethnic, and religious identity has been fully maintained. All this can be confirmed by the fact that they have access to elementary and high education in their mother tongue, as well as education at the Academy of Pedagogy in Skopje. There has been clear progress in the sphere of information and they also participate in the Government of Macedonia, and moreover, they are also represented in diplomacy. If all these elements, including the great properties that the Albanians possess in the Republic of Macedonia, which is not the case in any other country in the Balkans, are not new and undisputable values, then someone is losing a feeling for reality, and a conflict in which there cannot be a winner is being intentionally provoked.

This is the reason that we should have real reservations about accepting services that we are offered on this plane by mediators like Soros, Arens, (Anson), Van den Stoel, and many others, and we in the DPM think that we are the only ones wise enough to solve relations in such a sensitive sphere as interethnic relations. Is that not a sufficient warning when we see the daily pictures from some former Yugoslav republics?

[Tomovski] Does this mean that it is your opinion that human rights and freedoms have been solved in Macedonia in an ideal way?

[Stojanoski] The struggle for democracy and human rights and freedoms is a permanent and historic process. This process has just started on new democratic and liberal foundations and principles with the republic's new Constitution. Being a democratic party, our basic position is that, regardless of national affiliation, we must take maximum care of the democratic and civil position of the people in our system. It represents care for the national identity and integrity and particularity of every person. If I start from this position, I cannot conclude that we have solved the rights and freedoms of the Macedonian citizens in an ideal way. They are endangered, there are examples of violation of the rights and freedoms of Macedonians and other nationalities equally. The system has not been properly organized, nor do the institutions have the effectiveness to guarantee equality for all.

[Tomovski] If this is so, since the headquarters of the ethnic Albanian parties are in Tetovo, what cooperation and contacts do you have with them? What is your party platform for a joint engagement with them, for instance in forming a coalition in the struggle for power?

[Stojanoski] This question is actually the basic argument for creating a real democratic and civil climate that is so necessary for a safer future for all. However, this question also contains a number of preconditions, first of all whether the leaders of the ethnic Albanian parties are prepared to free themselves from many things, among them the mononational composition of their parties. Macedonia is unfortunately one of the rare countries where such organization is camouflaged by an alleged construction of democracy, of a civil and prosperous society. We in the DPM are trying to take the first step to establish contacts with these parties, but it seems that at this moment the other side is not ready. We are willing and we must talk, because I personally believe that there can be no effective resolution of all questions without sincere and open discussions among all of us living in this region. Nobody knows better our common problems and sufferings than we ourselves do, and that is why I believe that we will be able to intensify the long expected communications. A great obstacle in achieving such relations, initiatives, contacts, and ideas, is the desires for "great states," which led to a great tragedy in the territories of former Yugoslavia. It is impossible to build common happiness on such a tragedy.

As far as the party platform for a coalition is concerned, for the time being we stick to our slogan—who if not we alone, when if not immediately.

[Tomovski] There are several years' experience of communal authority and a multiparty system in Tetovo. What experiences are relevant for the creation of the political, social, and national climate that you have in mind?

[Stojanoski] There is no local self-management in Tetovo and knowing that a law on local self-management has not been passed, it is no wonder. The past four years have been a period of illegal life in all the spheres in Tetovo. Inscriptions are being illegally changed, as well as names of local communities and schools, the law on making evidence and documents in schools is violated, the use of Albanian as an official language in the Tetovo assembly is promoted, and expensive devices for simultaneous translation are mounted, the state anthem and flag become foreign, Orthodox religious buildings are desecrated, and the construction of houses without permission is everyday practice. All this is done with the blessing of the "communal authority" and the multiparty system, which is abused.

The relatively stable economy in Tetovo, particularly in the big enterprises like "Teteks," "Yugohrom," "Yelak," "Zito Polog," and some others, which are struggling with their own forces in meeting the new economic conditions by implementing the indispensable transformation, and thus positively affecting the overall social ambience in the commune, is a happy circumstance, bearing in mind all this plural ambience from which Macedonians

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migrate in great numbers because they do not see a future here.

[Tomovski] Does this mean that you agree with the thesis that Tetovo and the western part of the state are left alone, that state mechanisms are not functioning....

[Stojanoski] This thesis fully coincides with the naked truth. A number of actions and attitudes of the present authority confirm this thesis and the non-Albanian population in this region has the right to be revolted. The fact that Macedonians from the western part of the state do not participate in the third government, and this was also true for the two previous governments, has made these citizens lose confidence in the present authority. In this context we are not surprised, nor do we mind the fact that the ethnic Albanian ministers represent their party interests not only in the present government, but also in all their official and unofficial contacts with many competent representatives of international associations and diplomacy, and they often precondition the intensification of Macedonia's international position with greater minority rights. Top leaders rarely visit Tetovo and the western part of Macedonia, which confirms the cited thesis.

[Tomovski] Starting from such contemplations and views, what does the DPM expect the future of the state will be? Where are the chances for future and progress, and which are the dangers and challenges that could drag the matters backwards?

[Stojanoski] These are Macedonia's most difficult times since independence. The apparent political stability in the state (the relative peace in the work of the republican Assembly and the lack of a substantial opposition contributes to such an assessment), and claims that the economic situation has been temporarily improved after the closing of the 25 lossmakers, could be a great delusion with catastrophic consequences. The present authorities and coalition, drunk with triumph, are incapable of providing a vision for finding an way out of the dead end faced by the country. The quasi success on which the authorities are congratulating themselves is apparent, and not real and convincing. Macedonia has not yet secured its name, flag, dignity, its internal and external peace. Macedonia is faced with an economic, social, and moral lethargy that is helped by many commissions, counselors, missionaries, who, in my opinion, are making multicultural, multiethnic, and multieducational experiments in our state, usually with the blessing of the current authorities. Political decisions on capital questions cannot be made in Macedonia with compromises, concessions, or bargaining. It destroys the cause and the dignity of the Macedonian people, breaking up the national interest.

Nevertheless, I believe in the prospects and future of Macedonia founded on democratic and civil bases. Macedonia has all the conditions, regardless of the numerous problems mentioned in this interview and which are weaknesses of an internal character, and regardless of the political environment, to be developed into a modern European-type state, and thus influence Europeanization in the Balkans to which it belongs.

[Tomovski] How can we achieve such a future?

[Stojanoski] We must develop the political reforms more radically, we must not stop with the political and economic shaping of the state, with the modernization and revitalization of the economy. We must create our own strategy for economic development, and whatever we now receive from international financial institutions should be invested in economies that will make progress. In this context I would particularly like to stress that we must keep the strategy of peace and peaceful solution of problems that has promoted Macedonia in this historic time as a democratic and highly civilized country in Europe and the world. This means that we should shape the political and democratic processes on an original basis, we should revive the economy and complete the formation of the state in all its segments.

I believe that we should avoid some of the dangers and challenges that could lead us to euphoria because neither policy can stand it, nor is it good for the living. The biggest problems should be solved in a cool and rational manner, according to European standards, but at the same time we should take into the account the Macedonian autonomy, originality, and historical experience in constructing a modern state and creating political dignity.

Privatization Director Views Current Stage

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[Interview with Miroljub Sukarov, director of Privatization Agency, by Violeta Cvetkovska; place and date not given: "A Critical Phase in Privatization"]

[FBIS Translated Excerpt] [Passage omitted] [Cvetkovska] According to many subjective, but also objective indicators, in the growing number of enterprises that are completing their transformation, in which various interests and unwanted comments are so frequently expressed, there is an impression that privatization is in a critical phase in Macedonia [The Former Yugoslav Repubic of Macedonia—FYROM]. Is this so?

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[Sukarov] I also agree that privatization is going through a critical phase. Yet this is just one of the many critical phases in privatization. The first one was about the adoption of the legal text, that is the concept that Macedonia would follow in the privatization process. This critical phase ended in 1993. The next one was the formation of the infrastructure, which was completed toward the middle of 1994. The third phase was when there was intensive training for those who were involved in the process of privatization and who were expected to yield results as controllers, evaluators, and so on. This was the preparatory phase. The main critical phase comes with the direct implementation of the Law, when Laws have to be applied in the transformation of property, and when the Law had to be actually implemented in all areas. In this phase of implementation concrete enterprises and investors appeared, it was no more a matter of general theory. It is a well-known fact that privatization is a frustrating process, that it is not just a mere transformation of property, but relations are actually being changed. Some people reach a certain status, others are deprived of such a status. It is reflected in the way of thinking and it is normal to have different opinions. Now, privatization becomes a "top" subject in the media, in discussions held in restaurants, in families, and everyone has his personal opinion.

[Cvetkovska] However, our Law, that is, our model of privatization, has been disputed since the very outset, and it still is.

[Sukarov] At the beginning some thought that the Law would not function at all, but now that it has come to life, we encounter privatization each day, there are advertisements, there are tenders, there are offers, there are various reactions. We in the Agency were prepared for all this, because we know what other countries have experienced, particularly in Central and East Europe, which faced this phenomenon most intensively, because of mass privatizations that disturbed the economic sphere. It is important that we now have the Law to implement, and it is irrelevant what some think, whether it can be different or better, and whether there are some obstacles.

Voluntary Attitude

[Cvetkovska] One of the most significant comments on our privatization was the speed in privatizing enterprises, and you received the first requests and the first "scolding" from the World Bank for not being fast enough?

[Sukarov] The rate of privatization is very high here, but we in the Agency are not yet satisfied. It can be even higher, but we believe that it has been now stabilized and the anticipated time scale that has been accepted not only by us but also by the world's financial institutions can be accomplished. In general, we have had problems with the making of lists of companies to be privatized, in the sense of which they are, and whether there were not already privatized companies among them, whether they are not in liquidation or bankrupt. The World Bank reacted for the first time two years ago with a report in which it criticized the voluntary aspect in the Law, regarding companies' making their own decisions on privatization. They thought that it could prolong the process and that privatization is a political decision, which has to be implemented, and that companies should not decide about the timing, as well as that we should not lag behind. However, the views of the World Bank and the IMF concerning a fast, free or charged privatization are neutral and they leave it to the state to decide, although some of their representatives reserve the right to prefer one to the other model. We have lost a lot of time in explaining to them that even in the previous system our companies had a great amount of independence, and that they are not the same as those in Russia, Bulgaria, and the Czech Republic, where the state was dominant in the decisionmaking process. After that, they started insisting on the figures, as their greatest security that we would not retreat, would not begin and then give up, as was the case in many countries for some political reasons or because they wanted to attract the voters, choosing models that could not be accomplished. It was also suggested that we perform faster privatization in a shorter procedure with smaller companies, which we accepted. This was the reason for the growing number of small privatizations at the end of the last year (about 100), which slowed at the beginning of this year. We had anticipated this, as we had also anticipated a lot of privatizations (those which started under the old Laws) in the course of August. Nevertheless, although the rate is favorable, I would like it to be even better so as to be able to change the structure of the economy as soon as possible, because whether we like it or not, it is a fact that the state property is still dominant. The dominance of one kind of capital affects decisionmaking factors. When the structure is changed and when private capital dominates, then private logic prevails, as is the case in the so-called world village. This means that the logic of the investors will prevail here, as will also the profit, and the profit is the result of previous activities, higher standard, higher income, and so on.

[Cvetkovska] Voucherism has gradually been imposed over our model of privatization. What are your experiences and views here?

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[Sukarov] This was an issue in the countries of Central and East Europe, particularly where vouchers were used in privatization, for which they now publicly state that it was just a formality, that it has not affected the economy at all: They do not have capital, or development, and the transfer of property has been performed without any effect. In Macedonia the intentions are different. First, we want to achieve greater efficiency and then a change in ownership as a factor in motivating efficiency. This should be done in the spirit of the market, but also social democracy, and you can see that whenever we make decisions, we take into account that employment, investments, and development should be increased.

"Disputing" Privatizations

[Cvetkovska] Privatization is criticized as failing to meet the deadline, first in the small and medium-sized enterprises that are now taken over by the Agency and also in the "old privatizations" that have to be checked.

[Sukarov] According to our information we had between 420 and 430 enterprises that did not meet the deadline and on contacting them we found out that in most cases the process of privatization is under way, as well as assessments, decisionmaking on privatization, etc. However, 135 enterprises were outside this process and we made a public announcement to the former owners, to which they responded. We discovered that they are also considering privatization, and the Agency will continue to guide them in the process of transformation. As far as the "old" privatizations are concerned, their number is also expected to grow (toward the end of this month). They have been checked and preparations have been made, so we expect them to come up with a lot of projects. Those that decide against will be fully taken over by us and appropriate methods of privatization will be applied. For instance, the employees will not have the opportunity to buy the company themselves, because if they had so wished, they could have said so before.

[Cvetkovska] Nevertheless, there are some "shadows" over the first big privatizations. Is it due to national differences or to inconsistency in the Law's implementation?

[Sukarov] We do not want transferred property to be tarnished at all and I maintain that the Law is being strictly respected. There are several places where the implementation of the Law is being checked, and the last of these is here in the Agency. In the case of "Skopje Fair," for instance, the whole procedure was applied (the former owners were called, nobody responded, evaluation was made) and the company entered privatization entirely as a state company. Later on we were told that the Macedonian Chamber of Commerce had had capital there since 1956, and now we have also taken this element into consideration. This is why we cannot approve of the three offers. As for the other cases, where state capital is in the majority and the owner is known (with over 50 percent of the shares), the companies still have a chance of coming out with a plan on what to do with this capital. In such a case, the private shares, which have the right to management, can be transferred, as was the case with managerial purchases, or given as a gift. If in this process there are some illegal actions, it is up to the Interior Ministry or the courts to decide whether crime, violence, or something similar has been used, while the only possibility for the Agency is to work on the basis of documents. The Agency is not a police body or a judge—we do not want to be a power center, we do not have this authority, and we know exactly where the rights can be protected. We in the Agency are very upset by activities that stain privatization.

[Cvetkovska] Was it another error when it was announced that the "flag of privatization" will be carried by the tobacco industry where, actually, the deadlines and the offers have been extended?

[Sukarov] First of all, it is not true that the packages have not been opened. They have, and on the basis of these opened offers we make consultations with companies that are interested in tobacco enterprises. It is a matter of foreign companies asking for clarification beyond privatization—the tax regime, the treatment of the blends, and so on. We are expecting clarification in all these questions soon and we shall then proceed to the agreements. The procedure is on a very dynamic course. Moreover, according to world's experiences, the process of privatization of big companies lasts from one to three years, and here we get agitated if we do not accomplish the work in three to four months, although it has to do with big and difficult companies. Nothing is standing still, but each individual stage is analyzed in detail, with great care not to let information leak to competitive companies.

[Cvetkovska] Nevertheless, the term "golden share" as a right held by the state to veto certain harmful actions on the part of the buyer has been mentioned for the first time with the tobacco industry, as well as a great number of workers losing their jobs, the sale of factories, and so on. Did the Government retreat from such actions?

[Sukarov] The term "golden share" has been used in another context. Not with the tobacco industries but with the purchase places: What is to be done with the cooperatives, does the state have the right to purchase various sorts of tobacco, and so on. That is why we asked for the final decision on the international tender to be passed to the Government Commission to define

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state policy. I do not here refer to state shares but to a certain state control through the "golden share."

Trademark, Intellectual Property Rights

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[Article by Nebojsa Jakonov: "Ali Baba and Millions of Thieves"]

[FBIS Translated Excerpt] *Recently the Americans quite seriously warned the Chinese that they will wage a real trade war on them, unless they put an end to the practice of mass abuse of the so-called intellectual property of various American companies by producing illegal copies of their goods. Normally, we would think that this quarrel between economic giants does not affect us at all. However, if we look at the existence of industrial "piracy" in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], we would use the familiar saying that we, together with the Chinese, are 1 billion people.*

A current Macedonian political joke says that the present state protocol was recently strengthened by experts of a truly unusual caliber. According to the joke, several officials of that service must closely test the quality of the drinks served at various receptions with a view to preventing, God forbid, that among the bottles of Balantine, Smirnov vodka, and Courvoisier one may sneak some bottles "made in" Sqipnia or "made in" Vitosha (a mountain dominating the Bulgarian capital, which means that it is a geological structure that is definitively part of our Balkan landscape and not that of Scotland or France) and which, in the course of a diplomatic reception, could result in a malaise, followed by a violent headache.

Said story says nothing as to whether this new diplomatic service, in addition to its responsible and difficult work, judging by the existence of "false" drinks on the national market, could expand its services in other areas, such as checking the origin of the clothing worn by our diplomats who travel throughout the world, in order to prevent their foreign colleagues from laughing at them after discovering that what they are wearing is, actually, nothing but ordinary "wood" which loses its colors when exposed to the rain. Although this is a joke, this story does not say anything about the (lack of) concern as to the extent that our market exports "false goods" in all areas, from clothing illegally labeled with the trademark of familiar worldwide producers, to audio and video cassettes for which no authorship rights are paid, and to food products which abuse the labels of the "original" producers, thus placing our country in the same situation in which China recently found itself. Let us recall that at the beginning of the month, after unsuccessful and after almost 20-month bilateral talks, the United States threatened to apply strict commercial sanctions against China unless the latter took rigorous measures to protect the so-called "intellectual property" and the patents of various American companies and quickly stop the "pirating" of various American goods on the Chinese market, above all the illegal duplication of computer software, sound and video cassettes, and compact discs. Specifically, the Americans said that after 26 February they will impose 100 percent taxes on 35 categories of goods exported by China across the Pacific [passage omitted].

At the mention of the figures which make people dizzy, many of our people would probably note that we in Macedonia, luckily, are not big players in any worldwide trade "Robin Hood" activities and that in our country the extent of using foreign intellectual property has been reduced to the level of petty theft, something like a proper (and, hence, benign) manifestation of the local economic folklore in which the gray economy has long become the virtually exclusive form of economic management. In general, this makes it possible for us to somehow keep our head above the water. Naturally, this view implies that the Americans will not threaten us and, let us say, withdraw their 600 Marines from their mission as UNPROFOR observers in Macedonia or else, will reduce their "liaison office" in Skopje to a lower level, merely because, let us say, from time to time the local television stations (both local but also those of the state) would embellish our otherwise gray way of life with some new American movies without paying royalties or because, even the Macedonian government, in its actual "automation" of the operation of its services, will install occasionally a "wild" microsoft program in newly purchased computers. Naturally, some people may say, it is precisely because of the situation on our market, in which "foreign" pirates (the Turks in textiles, Bulgarians and Poles in "sound carriers" and alcoholic beverages, and Serbs in video) have long expelled those who tried to develop some kind of home "piracy," ignore the fact that Macedonia is essentially a purchaser and not a "producer," and therefore should not fear any eventual sanctions.

The officials at the Protection of Industrial Property Institute—an institution which was founded by the end of 1993—ever since it joined the World Intellectual Property Organization, the WIRO, Macedonia assumed the obligations which are stipulated in this case in various international conventions. The officials say that given the current situation it is indeed difficult precisely to determine the extent to which our country has been contaminated by the "disease of piracy." Still, according

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to Liljana Varga, deputy director of the institute, the country has the obligation to protect patents and the fact that last year some major worldwide companies, such as Wrigleys or Coca-Cola, decided to seek the protection of the courts from the illegal use of their trademarks by our companies, and indicates that we, too, are not all that "virginal" in the global trend of overall use of foreign knowledge. Again, assuming that said American giants have a much greater power to lobby Congress than, shall we say, the recently frequently mentioned Xozef Diogardi, it turns out that it is not entirely impossible that of late our meager "piracy" may have triggered corresponding reactions, perhaps not such as the difficulties which were experienced by Poland at the beginning of last year or, recently, by Bulgaria (an official step taken by the American Embassy in Sofia against the illegal use of the intellectual property of American companies). However, let us say that these are problems concerning our positions in the world trade organization (WTO) the heir of the famous GATT membership, which is of great interest to us. Naturally, among such pirates the size of Poland, Russia, or China, someone may decide to take a look at this forgotten corner of the Balkans and at the recent promotion of the Macedonian movie "Pride"—the film "Before the Rain" by Milco Mancevski, exhibited at the Ljubljana festival, in the course of which the former minister of culture patiently listened to the complaints of the representatives of the major American distributors about the current practice of television to show their films without paying royalties. It is as though "big brother is watching us," which would be quite normal, starting with the fact that we would have done the same should it have been a question of our own money.

According to Valentin Papeljugovski, deputy director of the Institute for the Protection of Intellectual Property, who is in charge of the legal aspects of this problem, we have noted a certain carelessness in terms of the danger of pirating foreign intellectual property, that could also be the result of the respective confusion in terms of the specific problems involving the protection of rights which are based on this type of ownership. Indeed, we could say that even among the local legal experts, few are truly familiar with what is actually understood by said notion, reducing this entire problem to the "motion pictures" with messy colors that our children produce in their video clubs. Few know, for example, that the legal protection of intellectual property, in the global stipulation on the defense of the so-called industrial property (patents, discoveries, samples, registered marks, etc.) and the protection of authorship and related rights (the so-called "copyright" in the fields of literature, music, arts, and motion pictures) actually implies extremely complex methods and instruments aimed at blocking a variety of abuses, which include the protection from theft of literally everything, from a bottle of Coca-Cola to a typical cheese which is produced exclusively in some little French village. "What is anticipated most frequently," says Papeljugovski, is "that this specific area is part and parcel of all other components of trade, such as customs fees which, quite understandably, we consider important and serious and, therefore, are always the subject of great concern in any country."

Based on an expert view on the problems related to the protection of intellectual property, we may undertake the classification of such problems into individual segments, and it would appear that actions that threaten this protection in our country would not appear all that naive, even to the greatest skeptics who, as we said, consider this entire problem only as a problem facing the bigger and economically more powerful countries than ours. Let us start, for example, with the ownership rights in publication, an area in which it is usually claimed that it is properly settled and that in this sense, unlike [line missing] in printings of up to 300,000 volumes, are considered minor, that it is something which cannot occur in our country for unauthorized publications to appear on the market, such as George Bush's biography or the novel "Scarlett," which is a sequel to "Gone With the Wind." Still, many people will tell you that the claim by today's publishers that each translated book from a foreign author is based on proper contract may not always be entirely accurate. The same could be said about the protection of authorship and related rights converted into video and motion pictures. If, for quite some time, the growing number of local television studios claim that Macedonia has eliminated the practice of televising pirated video copies and that the highest number of television premieres are "covered" by agreements with representatives of various foreign distributors and advertising companies, those in the know say that the sponsorship of, shall we say, Rothmans or Pepsi Cola, which accompany the showing of the films, actually are a most commonplace machination and that we, essentially, most frequently watch videos destined for domestic use and not for exploitation on television, videos which said "foreign distributors," like any owner of a video recorder, purchase in specialized stores in the West. Still, as we watch television, it is quite likely that we should not, in general, either mention the habit of rebroadcasting the various coded satellite programs with which private televisions fill their programs (we hear that it is precisely for such a practice that some television companies in the West intend soon to request certain "explanations" on the part of the Macedonian government).

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Apparently matters are no better in the area of protecting industrial property, although, due to the specific nature of the material, relations in that area are not so apparent, among others probably because industrial production has been for quite some time reduced to its "rudimentary level." Nonetheless, the fact that worldwide famous producer of the familiar "montki" sued a local ready-clothing producer for duplicating their production without authorization, or that our formerly domestic and now foreign "Vegeta" was interested in protecting its familiar combination from Prilep's "Elgeta" concerning the sales of "Serbian Vegeta" (produced by a clever Yugoslav company which packs its goods in leftover original packaging printed in the past in Gornji Milanovac), indicates perhaps that behind a seeming peacefulness, some not entirely benign operations may be hiding. If nothing else, our lack of preparation to deal promptly with pirating could very easily, under circumstances in which eventually (with the help of foreign credit) start the notorious new investment cycle, the brittle Macedonian economy,in order to avoid the path of the legal integration in global economic trends specifically "takes short cut" (among others also by violating international legal standards in the domain of the protection of intellectual property) which does not promise any kind of bright economic future. Specifically, if because of the lack of habit to respect what Krleza would describe as "better habits" in the realm of trade, we become tempted by the easy "piracy" earnings. This would unquestionably classify us as one of those nations that in some way have chosen to be a kind of modern paradigm of the thieves in the familiar story of Ali Baba who, dazzled by the fabulous wealth of the mythical cave, in the end always remains with empty hands. Unquestionably, in order not to claim in this case that everything is to be blamed on the billion "thieves in the Third World," let us say at the end that in our strive toward true integration with the "big" ones, proper support will be provided by the rich and developed countries, and that we will apply their own commercial standards in an entirely new global economic situation in which the old monopolies will be replaced by greater preparedness for cooperation. They would like to continue to sell us their computers, television sets, and automobiles, and not become isolated in some kind of self-satisfying world of their own, a world which would be as unpromising as an eel out of the water.

[Box, p 25]

"Right and Wrong"

Short History of the Struggle Against "Pirates"

Considering that commerce and, in general, business have the misfortune of having as their patron Hermes who, probably, is the biggest liar in the Greek Pantheon, the world has been trying to find efficient legal means to block those who would like, by any possible means, to profit from the unsanctioned use of foreign knowledge and labor. Some history of that painful struggle includes the international conventions and agreements on the protection of intellectual property, which began to be applied as early as the 19th century. Here are some of the many such conventions:

In the Area of Industrial Property

The Paris convention on the protection of industrial property of 20 March 1883, which guaranteed international protection of registered patents, samples, and trademarks;

The Madrid agreement on international registration of trademarks adopted in April 1891;

The Lisbon agreement on the protection of the origin of some goods and the means of registering said origin of October 1958, which protects the geographic origins of a given item;

The Hague convention on depositing original patents of November 1975;

Agreement on intellectual property in design including integrated electronic vehicles, adopted in Washington in May 1989;

The Strasbourg agreement on the methodology of international classification of patents of March 1971; and

The international convention for the protection of new types of plants of December 1961.

In the Area of Copyrights

Bern convention on the protection of literary and artistic works of September 1886;

Rome convention on protecting the right of researchers and producers of sound records and the rights of distributing organizations of October 1961;

Geneva convention on protecting the producers from unauthorized copying of their programs of October 1971;

Brussels convention on the protection of the contents distributed via satellites of May 1974; and

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Agreement on the international registration of audiovisual matters, adopted in Geneva in April 1989.

As far as Macedonia is concerned, as a consequence of our great delay in such matters behind the rest of the world, we could say that the legal regulation which keeps track of such problems has fallen behind global standards. In the domain of authorship and related copyrights, for example, still valid is the old Yugoslav Law on Authorship Rights; there is also a regulation on sound records produced for public use. Somewhat better, we believe, is the situation with the legal protection of industrial property, which is governed by a new Law on Industrial Property, passed in 1993, followed by instructions on transferring and retaining rights to industrial ownership from the former Union Patents Institute of the SFRJ; regulation on recognition of a patent and regulations on protecting samples and models and industrial trademarks.

However, all this applies only to ideally conceived legal frameworks, whereas knowledgeable people say that all this is observed much worse in judicial practices, for those who were harmed have a small or no chance whatsoever for proper compensation from the unauthorized use of their "past intellectual labor."

[Box, p 26]

Legal Practice

Work of the Authorship Rights Protection Agency

Interview with Nina Daskalova Stardelova by V. Velkova

There has been a great deal of talk recently on the extent to which authorship rights are respected in our country and whether this protects properly the individual creative rights of authors and their accomplishments and services. PULS asked some questions of Nina Daskalova Stardelova, director of the Authorship Legal Agency, Inc. from Skopje. We began with the statement that regardless of how powerful a country may be, we, too, may experience what took place in China or Russia. "Still," she said, "there is nothing unusual in the violation of authorship rights in a small and economically underdeveloped country such as ours. I would say even that this is not unusual, for it keeps happening even in economically developed countries."

[PULS] What is the main characteristic of the Authorship Legal Agency, which was set up in 1955, and what does it require of the authors and the other users of its services?

[Stardelova] The main feature of the agency is the comprehensive authorship-legal protection, providing expert legal aid in the exercise of authorship rights in dealing with ministries or the Institute for the Protection of Industrial Property. Furthermore, the authorship-legal agency is empowered to apply the Law on the Protection of Industrial Property. With this we protect authors and discoverers. Unfortunately, this is still based on the old stipulations and laws, for the Ministry of Culture still has not issued the necessary regulations which would protect the status of cultural organizations.

[PULS] What steps do you take if the individual creative rights of authors and their works are threatened?

[Stardelova] Macedonia is member of the Bern convention on the protection of authorship rights but lacks a legal set of instruments for its implementation. Still, we take the violators to court although the protection offered by the courts is very slow. That is precisely why there is a feeling of insecurity among the authors. Among others, very rarely are steps taken to protect their work.

[PULS] What is the role of the state in the protection of authorship rights?

[Stardelova] It is not the state that takes steps to establish the violation of authorship rights. This is done by the authors themselves, personally or through a legal spokesman, should he believe that his rights have been violated.

[PULS] How many people use the services of your agency?

[Stardelova] A more extensive use of our services has been noted since 1991. Following the use of computerized data, we have about 13,000 users of our services. This trust, I believe, is the result of the fact that our agency has 40 years of experience in that area.

[PULS] What are the sectors covered by the Authorship Legal Agency?

[Stardelova] We cover a large number of sectors. Some of them are literature, architecture, motion pictures, graphic design, portrait painting, sculpture, computer programs, expert scientific works, publishing addenda in periodicals and newspapers, expert translations, and so on.

[PULS] In addition to domestic authors could foreigners request legal protection from the agency?

[Stardelova] We have the possibility of doing so as long as we are authorized to provide legal protection on behalf of a foreign author.

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Trademark Violations Described

95BA0194B Skopje VECER in Macedonian 4-5 Mar 95 pp 6-7

[Article by Biljana Trpenoska: "Mass Decoration With Foreign Blankets"]

[FBIS Translated Text] *The main reason for its appearance is the lack of an international agreement to penalize those who usurp authorship and industrial property rights;*

Added to those who like to fish in muddy waters is the poor purchasing power of the customers who can produce for themselves cheap goods with high-sounding (forged) names;

The market in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] market is drowning in goods with forged trademarks.

According to a news item published by MAKPRES three days ago, the United States has threatened Bulgaria with trade war unless a treaty on the protection of intellectual property is signed within six months between the two countries. The reason for the American warning is the unauthorized production by Bulgaria of allegedly American compact discs, videos, and sound tapes, which are subsequently marketed in our Republic, and in Yugoslavia, Greece, and Romania.

It is estimated that the annual losses suffered by the United States as a result of the unauthorized use of American patents, samples, models, designs, and authorship rights amount to about $20 billion. The most frequent violators of this kind are developing countries; however, nor are developed countries "immune" from this vice. In the United States, for years on end, "motion picture" goods are being produced; Germany is producing "original" vodka, labeled in Cyrillic letters....

Many such examples can be found in our country as well, particularly in the markets where Turkish and Bulgarian goods are sold. We have witnessed extensive demand for "original" watches of the "Rolex" or "Cartier" models, toilet waters and perfumes such as Nina Ricci, Chanel No. 5, "Poison," Reebok sports clothing, Russian "Stolichnaya" vodka (its characteristic feature is that each separate bottle tastes differently). Occasionally, the plagiarism in our markets is complete—goods bear labels with the original name and, sometimes, the labels are somewhat more moderate, with the change of a letter making it different from the original (a forgery weighing the same as the original), "Panasonic" telephones, "Setezin" watches, "Rebok" sportswear, with a single instead of a double "e" unlike the original.

This is possible because of the lack of an international agreement (reciprocal commitment) which, in itself, includes strict penalties for the theft of intellectual property within international frameworks. Hence, naturally, is the view of the "thieves": why develop a domestic technology and purchase equipment, open a new factory, and give employment to people who should be trained for the production of some attractive and high-quality item, and all of this, followed by extensive promotion, when one could simply print clandestinely the same or similar labels for an item the value of which has already been confirmed on the market. This makes fast and easy earnings possible. Unfortunately, this is frequently the case in our country, according to Georgi Filipov, director of the Institute for the Protection of Industrial Property.

To a certain extent, it is possible to avoid such actions with the commitment (through an international agreement) of all countries who are participating in international trade in the respect of authorship and other industrial property rights, and by a revision of the legal standards within each country and their consistency with the laws of the World Trade Organization, and by granting patents to familiar models or trademarks by the national patent institutes.

Equally important is the protection of the signs of origin of the goods, protecting their geographic appellation, which would avoid, for example, the abuse by Bulgaria and Albania of Macedonian wines. Such protection covers mainly agricultural goods.

A step has been taken in our country towards the resolution of such problems: one and a half years ago the Law on the Protection of Industrial Property was adopted, and two or three months later, within the framework of the Ministry of Development, an institute for the protection of industrial property was organized. A certain number of Macedonian companies already have registered their trademarks with that institute. Still, we still have no law on authorship and other rights nor the proper climate for the implementation of the plans. Still, as was mentioned at the seminar recently held in Skopje, it is precisely on that subject that work has begun to move ahead and we must work on this problem until satisfactory results are obtained.

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Kinkel Supports Poland's Rapid EU Entry

AU1406185395 Mainz ZDF Television Network in German 1700 GMT 14 Jun 95

[Interview with German Foreign Minister Klaus Kinkel by an unidentified correspondent in Warsaw on 14 June—recorded]

[FBIS Translated Text] [Correspondent] What exactly does being Poland's advocate mean in concrete terms?

[Kinkel] It means assisting Poland in joining the EU and NATO as quickly as possible. That is our duty, especially in view of our past, but also because it lies in our interest: Poland belongs to Europe.

[Correspondent] What advice did you give the Polish president with a view to speeding up the process?

[Kinkel] I did give him some advice, but what I told him above all was that he must strive to make Poland attractive so that the conditions for entry are met. That applies to, for example, complete privatization.

Special Services Accused of Recruiting Russians

LD1506074795 Warsaw TVP Television Second Program Network in Polish 1900 GMT 14 Jun 95

[Relayed by Warsaw TV Polonia Network]

[FBIS Translated Text] The Polish special services are recruiting Russian citizens who visit Poland, General Aleksandr Mikhaylov, press spokesman of the Russian Federation Ministry of Security, has said in an interview with the "Panorama" program. He added that he has proof of the very active behavior of the Polish services. Attempts were made to recruit Russians over 60 times last year, using not only bribery but also blackmail, threats, intimidation, and physical force. At the moment, proceedings against Russians working for the Polish intelligence service are in progress in Moscow in two cases.

[Begin recording] [Correspondent Iwona Parchimopwicz] Citing the Dudayev archive, you have said that money from the illegal sale of oil and mazout has been passed to banks in Warsaw, among other places, by Dudayev's people. Can you reveal anything more?

[Mikhaylov, in Russian with superimposed Polish translation] I would start with the most important thing. First, it is necessary to specify how far the banks were informed about the illegality of the machinations carried out by Dudayev's people. Naturally, none of the banks where this money was sent could assume that it was dirty. The problem surrounded the fact that the money received from natural riches went not to Russian banks but to foreign ones. That is why we cannot say that the banks of Warsaw or Vienna carried on criminal activity. I have given instructions that these documents be found. I think that they do not constitute too great a secret for us, although I do understand. The revelation of this news is a risk—above all, for the banks. Their activity might be inappropriately interpreted, if today we discover the bank in Warsaw that Dudayev's money is in.

Well, you will be the one answerable for that. That is why, in this case, I immediately made the reservation: The association of Dudayev's criminal regime with a concrete, revealed bank might, in our view, cause harm to the bank itself.

[Parchimowicz] Might Russia wish the return of this money?

[Mikhaylov] If there is an investigation, and we prove that this money was obtained in criminal fashion—although I personally have no doubts as to the fact that everything associated with the Dudayev regime is illegal—then Russia has the absolute right to demand the return of money deposited here by criminals who committed a crime on the territory of Russia. This is obvious to every state. [end recording]

Commission Strengthens Sejm's Veto Override

LD1506080195 Warsaw TVP Television First Program Network in Polish 1730 GMT 14 Jun 95

[Relayed by Warsaw TV Polonia Network]

[FBIS Translated Text] The Constitutional Commission of the National Assembly has introduced into the draft of the new basic law regulations facilitating for the Sejm the rejection of presidential vetoes. The commission rejected all the radical resolutions that envisaged a significant weakening or strengthening of the constitutional position of the president relative to the present legal situation.

[Unidentfied correspondent] The commission decided that the two-thirds majority currently required to override a presidential veto will be replaced by an absolute majority. Such a majority is 50 percent plus one vote. This means that the president's opposition will be capable of being rejected by as few as 231 deputies. At present, 308 votes are required, which is a few more than the Polish Peasant Party-Democratic Left Alliance coalition has in the Sejm.

[Begin Aleksander Kwasniewski, chairman of the Constitutional Commission, recording] The veto cannot be used as a component in activities directed against a coalition that has a majority and that is, for instance, continuing an economic policy. I feel that this is correct. The government and the parliamentary majority

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must be responsible for economic policy, and I do not judge that it would be appropriate to hinder it in this through, for instance, a veto of acts. [end recording]

[Correspondent] In accordance with the decision of the commission, the president will, in refusing to sign a law, be able to choose either to veto it or to direct the act to the Constitutional Tribunal. At present, he may apply one or the other to the same act.

In the view of Professor Michal Pietrzak, representing the president, the decisions of the commission would significantly limit the prerogatives of the head of state.

[Begin Pietrzak recording] This transgresses the system of balance of powers adopted—in any case, it transgresses the principle of the constitution. [end recording]

[Correspondent] Kwasniewski, on the other hand, feels that the commission's decisions retain the balance of powers, with large prerogatives for the president.

The commission also decided that the president will be able to nominate the chief of the General Staff on a resolution of the prime minister agreed with the defense minister. At present, the president does this in consultation with the defense minister, and a resolution from the prime minister is not necessary.

Solidarity To Put Pressure on Government

WS1406142995 Warsaw RZECZPOSPOLITA in Polish 14-15 Jun 95 p 2

[Article by "P.W.R.": "Krzaklewski on Elections: My Candidate Is Called 'One'"]

[FBIS Translated Text] [Solidarity Chairman] Marian Krzaklewski said that currently he can see three presidential candidates whom Solidarity ["S"] might endorse. They are Lech Walesa, Hanna Gronkiewicz-Waltz, and Adam Strzembosz. The union would like for the independence-Solidarity groupings to do first of all one thing: field only one candidate.

"My candidate is called 'one,' it may also be a woman," Krzaklewski told journalists. According to him, "the first final match" between two rightist candidates will have been played by 5 July. Then the one chosen candidate would meet with the extraordinary congress of "S." Then unionists would consider the possibility of backing him or her. At the same time Krzaklewski denied reports that Adam Strzembosz no longer has a chance of being supported by "S."

"We still consider him to be a very likely candidate," he said.

While summing up the union's congress, the "S" leader spoke about a "very cordial meeting with Lech Walesa," even though he added that "as in a family, there was also cordial criticism."

According to Krzaklewski, even in the most violent speeches the delegates expressed "no hatred" toward the president.

The union's chairman said that the government decision to put the law on commercialization of companies on the fast legislative track was a provocation.

"The draft law was rejected at the meeting of the Trilateral Commission and it is contrary to the union's program of enfranchisement of the people," he explained. As a result, "S" decided to speed up the prestrike referendums in the plants that are included in the commercialization program.

Krzaklewski also recalled that the congress had authorized that the "S" leadership take all statutory means to fight for "S" demands in case the government did not respond to those demands positively. It will not be the strike weapon right at the beginning; first "S" would like to talk with the government, or at least the government promise that it does not reject the "S" demands. Before staging strikes, unionists might exert pressure on the government by organizing a "mass walk through the streets of Warsaw, along with their families," as Krzaklewski put it.

Walesa Refuses To Sign Radio, TV Act Amendments

LD1306212295 Warsaw Polskie Radio First Program Network in Polish 1700 GMT 13 Jun 95

[FBIS Translated Text] President Lech Walesa has refused to sign the amendments to the Radio and TV Broadcasting Act and amendments to certain other acts. Telling Sejm Speaker Jozef Zych about his decision, the president sent a motion for the reconsideration of this act.

Justifying his decision, President Lech Walesa wrote, among other things, that while the act proposes to deprive the president of the right to appoint the chairman of the National Radio and TV Broadcasting Council [KRRiTV] and ensures the parliament's supremacy in the creation of this state body, it makes the KRRiTV a parliamentary rather than a state body.

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KERM Criticizes Mining-Industry Restructuring

WS1506111495 Warsaw GAZETA WYBORCZA in Polish 7 Jun 95 p 17

[Article by Barbara Warpechowska and Marek Dreszer in Katowice: "Carousel With the Coal Mine Presidents"]

[FBIS Translated Excerpt] The Economic Committee of the Council of Ministers [KERM] has recently criticized the restructuring of the mining industry. The main complaints were that:

—the profit projected for 1994 was not realized;

—the process of liquidating coal mines was not completed on time;

—labor force reductions were slower than projected (coal mines currently employ 277,000 people).

KERM was also disturbed by the high growth of wages in the mining sector—48 percent with an inflation rate of 32 percent in 1994.

3.20 Zlotys to the Tonne

According to the State Hard Coal Agency, at the close of 1994 net losses in the mining industry were almost 200 million new zlotys [Z] (old Z2 trillion). It should be remembered however, that Z300-500 million in debts that had been written off in the course of conciliatory proceedings were entered in the books as profits, and that the budget earmarked Z370 million to subsidize liquidated coal mines and for environmental investments.

The current year is also not an easy one, especially considering that coal sales are continuing to drop. After the first four months of this year, an average Z3.2 is subsidized to each mined tonne of coal (in April it was as much as Z15.3). Since the beginning of the year the coal mining industry has already suffered a loss of Z226.4 million. In December 1994, a team of experts established by the minister of industry claimed that the total net losses of the mining industry in 1995 would be Z110 million.

The coal mine presidents are becoming increasingly fidgety as the deadline for commencing debt repayment is nearing. The concerns' conciliatory proceedings with creditors pertained to a sum of Z1.23 billion.

As we have learned, four companies may fail to meet the provisions of the conciliatory agreements. Unless they pay in quarterly installments, it will suffice for one creditor to apply to the court to have the agreement nullified. If that does happen, the debts of the mining industry will begin to grow incrementally.

Coke for Export

Out of the seven coal companies, the ones in Bytom and Jastrzebie are in the most difficult situation. Deputy Minister [of Industry] Jerzy Markowski changed the presidents of both of them last week.

In Jastrzebie, more than half of the coal mined is coking coal. It is difficult to raise its price because it is sold abroad, primarily on long-term contracts (in 1994 Polish mines exported 27 million tonnes of coal out of the total of 133 million mined). Prices on foreign markets are lower than on the domestic one. In addition to that, the companies must cover shipping expenses—having one tonne of coal shipped from Silesia to the sea coast costs $8-10 (ship loading not included).

Economic common sense says coal companies should back out of exports. This, however, would lead to layoffs, strikes, and a decline in production.

The Bytom company incorporates old mines where the deposits are almost used up. They will have to be successively closed down. But what to do about the miners who are laid off? [passage omitted]

Poll Shows Majority Favor Reprivatization

WS1506093995 Warsaw RZECZPOSPOLITA in Polish 12 Jun 95 pp 1, 7

[Article by "A.K.K.": "What Should Be Given Back to Former Proprietors"]

[FBIS Translated Excerpt] Attempts at settling the issue of reprivatization have been going on for several years now and have thus far never gone beyond the discussion stage. A stormy debate may be expected to take place in the Sejm following the first reading of draft laws on returning property to former owners. Four drafts have been presented to the Sejm to date: governmental, presidential, the Freedom Union's, and the Polish Socialist Party's. It is still unknown when the first reading will be.

A poll conducted by the Sopot-based Social Research Laboratory at RZECZPOSPOLITA's request shows that a majority of those polled were for privatization and returning property to former owners. The number of supporters of reprivatization grew considerably over the last year.

This May, nearly 59 percent were for reprivatization, 41 percent were against. Last year, 39 percent were for returning property to former owners, 38 were against, and the rest did not have an opinion. The two polls are not fully compatible. One year ago, respondents had three answers from which to choose—"yes," "no," and "difficult to say." In the most recent poll—only two ("yes" or

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"no"). Moreover, the questions were not identical. Last year's poll asked about meeting reprivatization claims in general, while last May the researchers specifically inquired about opinions on whether property should be returned to former owners. It was not specified, however, whether it would be returned in kind or whether losses would be compensated for with coupons. [passage omitted]

Poll: SLD Lead Over Other Parties Growing

WS1406144595 Warsaw RZECZPOSPOLITA in Polish 10-11 Jun 95 p 4

[Article by "R.W.": "If Parliamentary Elections Had Been Held in May; SLD Outdistances Rivals"]

[FBIS Translated Text] The Democratic Left Alliance [SLD] has been the strongest party in preelection opinion polls for many months now. However, never has the distance between SLD and other groupings been as great as it was in May. Right now the support that the party receives is nearly twice as high as the support for the second most popular party—the Freedom Union [UW]. Also, two things have been confirmed: The serious crisis of trust in the Polish Peasant Party [PSL] and the strong position of the Independent Self-Governing Trade Union Solidarity [NSZZ "S"]. As in previous months, the poll was conducted for us by the Social Research Laboratory [PBS].

Left Wing Support Is High

Over the last 18 months SLD only once received support lower than 20 percent in our opinion polls; it was in January last year. There was only one occasion when it lost the leading position in the election ranking to PSL, which happened in February 1994. In recent months, however, SLD's popularity with voters has reached a certain stable level, which is rather high.

The fact that Jozef Oleksy assumed the office of prime minister did not noticeably change SLD's position on the ranking list. In May the party's popularity increased quite substantially—by 5 percent. This rapid increase in SLD's popularity coincided with the official fielding of Aleksander Kwasniewski as the party's candidate for president. It is worth noting that in recent weeks Aleksander Kwasniewski's chances of success in the presidential elections have improved as well.

Potential supporters of SLD are the most numerous in nearly all groups of respondents. The party is particularly popular with people who are over 40 years old, people with secondary and higher education, the richest, employees of the public sector, the unemployed, as well as housewives and inhabitants of midsized and small towns.

If we compare these results with results obtained a month ago, we see that SLD has managed to regain its lost influence among educated people. Also, it no longer meets with such great reserve among the youngest voters.

Risky Decisions

The average voter is often a conservative person. Most changes—such as changes of authorities or coalitions—usually cause at least momentary reserve among some of those who have so far supported the authorities or the coalition.

In its rather short lifespan, UW has experienced this at least twice. It happened right after the party was formed, in the spring of last year; UW did not receive the support which could have been expected after simply adding together the supporters of its "constituent" parties—the Democratic Union and the Liberal-Democratic Congress. Instead of 20 percent, opinion polls suggested that the party's popularity ranged between 12 and 15 percent. Only after a few months did the rating begin to improve.

Currently we are witnessing another decrease in the rating of the strongest opposition group. It is still second on the "electoral" list, but over the last two months support for it has decreased by 4 percent. Some observers link this to personnel decisions made by the party's leadership, that is, the election of Leszek Balcerowicz as UW chairman and the fielding of Jacek Kuron as the party's candidate in the presidential elections.

Only in two groups of respondents—among people with relatively high incomes (300 to 400 zlotys per capita a month) and among people holding high offices—UW's position is stronger than SLD's. Relatively strong is also the party's position among people with higher education, employees of the public sector, and inhabitants of big towns and cities.

Benefits Reaped From Strikes

It is clearly beneficial for "S" if its degree of activity increases. At a time when it is staging strikes and spectacular manifestations on the streets of Warsaw, its position in electoral opinion polls is strengthening at the "safe" level of 11 percent (which is several times higher than the support "S" received right after the last parliamentary elections). The level is "safe" from the point of view of the Electoral Law. The "S" electorate is classically unionist—it includes relatively many people with vocational education at the most, people with average wages, and skilled workers. There are quite

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a lot of older persons and—this may seem strange—private entrepreneurs. It is worth noting that more than 50 percent of the private entrepreneurs that took part in our poll are potential voters of SLD, PSL, or "S."

The rating of the Union of Labor [UP] does not differ much from that of "S." The difference is that the support for UP has never once been lower than 8 percent over the last 18 months.

PSL Still Supported by Peasants

A crisis in PSL's rating occurred early this year along with the troubles of the government headed by Waldemar Pawlak. In May support for PSL had reached the lowest level since the last parliamentary elections—9 percent. As recently as last fall it was the second most popular party; today it occupies fifth place. The only groups which clearly support PSL and not other parties are peasants and workers of agricultural farms.

The last one of the parties which might have hoped to enter the parliament in May is the Confederation for an Independent Poland [KPN]. For a few months now these six groupings—SLD, UW, "S," UP, PSL, and KPN—have been sharing parliamentary seats in "opinion poll elections." Rightist coalitions, the Non-Party Bloc in Support of Reforms, and other parties do not receive sufficient support.

The author used monthly opinion polls conducted by PBS for RZECZPOSPOLITA; the last one was taken on 20-21 May on a representative 1,015-person sample of adult inhabitants of Poland. Each respondent has 100 points which he must give to various parties, depending on the decision that he or she is going to make during elections: If a respondent wants to vote for a party, this party receives 100 points; if the respondent hesitates and there are several parties for which he or she may vote, the 100 points are distributed among them; if the respondent definitely does not want to go to the polls, such a possibility is given 100 points. The statistical error is plus or minus 2.5 percent.

Parliamentary Electoral Preferences

	Mar	Apr	May
	Percent		
SLD	25	25	30
UW	20	18	16
NSZZ "S"	8	11	11
UP	9	10	10
PSL	14	12	9
KPN	5	6	6

Kwasniewski Outlines Election Platform

WS1506101595 Warsaw TRYBUNA in Polish 14-15 Jun 95 p 3

["Program Declaration" of Aleksander Kwasniewski, leader of the Democratic Left Alliance and candidate for Polish president]

[FBIS Translated Text] I have decided to run in the [presidential] elections. I know how to hold the highest office in the state efficiently and to Poland's advantage. The style of wielding presidential powers that we have seen so far ought to be changed, so that concern over the good of the country will not be relegated to the sidelines by political gamesmanship and by causing more "wars at the top."

I intend to be an active president. I will fully utilize the possibilities created by the present Constitution and by the constitution which will be passed in the future. I would like to give an example of how to observe the law without stretching regulations with a view to looking out for one's own interests. Do not believe in the frequently repeated assurances that the powers of the head of state today are too small. These powers will certainly prove sufficient for a president who has a good program and a willingness to cooperate with parliament and with the government. This is why I believe that they do not need to be considerably changed in the new basic law. They

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do not need to be either broadened or limited. They must simply be put in order.

The president's mission is to guarantee democracy and initiate its progress. I will place particularly strong emphasis on protection of political rights and civil liberties. I will oppose any attempts to limit them, regardless of from where they come.

I declare cooperation with any government that is formed in accordance with the law and with democratic principles. I do not intend to interfere with the administering of the state. This is a task for the Council of Ministers and for the various ministries. I will, however, be active and launch legislative initiatives, as well as draw the government's attention to those areas where unresolved problems are piling up. This especially concerns a fair distribution of the costs of economic reforms, a profamily policy, as well as participation of public sector employees and labor veterans in the consumption of the expected fruits of economic growth, which has been so difficult to achieve. I will devote a great deal of my attention to problems of the young generation—the greatest capital that Poland will contribute to the uniting Europe.

I will only support such an economic policy which will make it possible to maintain the high rate of production growth. Without this we will not be able to talk about limiting unemployment, which is a veritable nightmare for many Polish families. Today only production growth will guarantee development of the Polish countryside. I also declare that I will definitely oppose any attempts to retrace our steps in the implementation of market reforms. Poland must not and will not return to the ponderous economy, to lines in front of stores and to administratively controlled prices, to the hampering of free enterprise.

I believe that the president is not only the highest-ranking representative of a state. My perception of his role is broader. He should also be a spokesman and representative of civil society. He should be a spokesman and representative of those people who are able to act on their own, who do not wait for decisions from someone higher up. Therefore, I will initiate further decentralization of power and extension of the powers of territorial self-governments. I am in favor of establishing self-governments at the level of powiats [small administrative units abolished in the 1970's]. I believe that this would be a chance to stimulate the development of small and midsized towns; it would also be a chance for local communities to assume authority over the sphere of public services.

I intend to take equal care of the good of all citizens. I am going to look to the future, stand above hitherto and temporary political divisions. I will not divide Poland into the postcommunist and Solidarity portions. This detrimental differentiation brings us way back to the past, to the epoch that has already ended.

The head of state should be a mediator in vital public issues and by no means must he act as a party to disputes and conflicts. What we have witnessed so far is inadmissible—the president has caused and aggravated conflicts instead of alleviating and resolving them.

Even though I will not renounce my own political roots, as president I will not be either in the left or in the right wing. I will stand guard over the fundamental values and the best national traditions, because I am going to integrate, not divide, society. My important duties will include creating a moral order based on generally accepted social and national values, developing the links between Polonia communities and the homeland, fighting for Polonia members' rights in their places of residence, as well as protecting the rights of national minorities in Poland.

I am an advocate of observing good political customs, honesty, and tolerance in public life. On the other hand, I am definitely for eliminating brutality, parochial interests, arrogance, as well as humiliation of people due to the poor material conditions in which they live, their nationality or the color of their skin, their views and personal orientations. The Polish state is the home of all its citizens.

The people are bored with the omnipresence of politics and with the manifestations of aggressiveness in playing it. The president should stand between the people and the state, and he should see to it that governing is efficient and as easy for the people to tolerate in everyday life as possible. Authorities must be like shoes which serve well if they do not impede anything.

The president, who is responsible for maintaining the country's sovereignty and security, must engage in the development of a modern defense doctrine, make efforts to ensure a high position of Polish Armed Forces cadres in society, and keep them out of political disputes. One of the goals that I will try to attain will be to ensure such conditions for the Armed Forces which will allow them to implement goals specified by the highest organs of the state.

The president should represent Poland with dignity. He should see to it that various state establishments and political forces communicate with each other as far as foreign policy goals are concerned. Transferring internal disputes and conflicts to the international arena can only be detrimental to the state.

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The most important thing for the development and economic security of Poland is integration with the EU, as well as building up trade with the countries of Central and East Europe. All of us, the entire society, is joining the EU. It cannot be a process as a result of which the chosen people will benefit and others will lose their jobs and prospects. In that period we should wisely protect Polish agriculture, so that it will be able to gain access to West European markets in conditions of equal competition.

The best guarantee of our political and military security will be Poland's admission to NATO, as well as good cooperation with our neighbors—first of all Germany and Russia. Poland's location between these two states has often caused threats and calamities. What used to be our geopolitical misfortune may be a national opportunity today. We must, however, take good advantage of it.

Our membership in NATO and the EU is beneficial to and necessary for both sides. We will not play the role of a humble petitioner. To both organizations we will contribute the potential of one of the biggest European nations.

I am running for the highest public office in Poland and I am counting on support from citizens. You most certainly know my political activity. I do hope that you will assess it fairly. I know what charges will be leveled against me. You are bound to hear slogans about "another Polish People's Republic," about "postcommunism," about "militant anticlericalism." Most certainly about Kwasniewski himself as well—Kwasniewski who is dreaming about a return to the wicked practices of real socialism and who is only waiting for a good opportunity.

I am entitled to ask the following question: On what basis are those charges formulated? It is easiest to give loud shouts and offer false demagogy. These people do not want to talk about facts, which prove that their arguments are false. It was the past few years which marked the most important part of my political biography. I was one of those people who achieved the breakthrough at the "roundtable." With determination and conviction I engaged in the construction of a democratic and sovereign Poland which would be open to the world and whose economy would be based on market foundations. It is true that I defended and I will continue to defend the dignity of the people who worked hard and led honest lives in past decades, and who do not want the accomplishments of their lives to go down the drain. It is true that I am against black or white historical evaluations. However, today the most important thing is for us to go forward and to seize the opportunities which democracy and the market economy is offering us.

I am appealing to my competitors for a solid debate on Poland's future. I am appealing for them to be honest and to submit well-founded arguments. Let us talk about Poland without detriment to its interests and its political culture.

UW Canvasing Support for Jacek Kuron

WS1406143195 Warsaw GAZETA WYBORCZA in Polish 14-15 Jun 95 p 5

[Article by Piotr Wesolowski in Lodz and "DOM": "UW Is Already Thinking of the Second Round of Elections; Canvasing Support"]

[FBIS Translated Text] "The Freedom Union [UW] has begun talking to other political parties on support for Jacek Kuron in the second round of presidential elections," revealed UW Chairman Leszek Balcerowicz at a news conference held in Lodz yesterday.

Talks are also under way on reducing the list of candidates from the post-Solidarity camp. "These talks are being held without any cameras or flashbulbs, therefore I will not disclose any names," said Balcerowicz.

Talks Without Cameras

GAZETA WYBORCZA has unofficially learned, however, that UW is going to try to dissuade Tadeusz Zielinski from running in the elections. Members of Zielinski's electoral committee, however, firmly state their candidate will not back out.

We all remember that Zielinski had previously admitted the possibility of resigning if Kuron had greater support.

"Since Kuron refused to promise he would make room for Zielinski if he fared better in opinion polls, Professor Zielinski is under no obligation to make room for Kuron," say supporters of the civil rights spokesman.

Dreaming About the Right

During the meeting held in Lodz, Balcerowicz called Deputy Prime Minister Kolodko's anti-inflation package a "fake and harmful move." "Postponing the growth of prices was a technique widely applied under the previous system. Prices will simply grow much more after the elections. This is an ostrich policy. Inflation has to be met head on by accelerating privatization," chided Balcerowicz.

He also stressed he is against frequent changes of government. "Poland cannot afford it. Besides, the coalition should account for all the promises it made. Perhaps a rightist camp will finally emerge which would

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understand that fighting capitalism undermines the right. Such a grouping would be an ideal partner for UW to talk with," reflected the UW chairman towards the end of the meeting.

Rightist Candidates Seek Covenant's Support

WS1406141395 Warsaw GAZETA WYBORCZA in Polish 14-15 Jun 95

[Article by "WZ": "St. Catherine's Covenant; Candidates Brought in Envelopes"]

[FBIS Translated Text] Hanna Gronkiewicz-Waltz, Leszek Moczulski, Wojciech Ziembinski, Jan Olszewski, Jan Parys, Roman Ciesielski, and Henryk Bak are all seeking the support of right-wing parties in the presidential elections.

The leaders of St. Catherine's Covenant, comprising Solidarity and right-wing groupings, yesterday opened the previously sealed envelopes with names of candidates ready to take part in the covenant's preelections.

Solidarity Chairman Marian Krzaklewski took out a slip of paper from the last envelope, reading: "I agree to run—Hanna Gronkiewicz-Waltz." The president of the National Bank of Poland had earlier laid down her conditions: She would have to have the support of a large political bloc and she would not compete against Lech Walesa.

In the wings, we heard that none of the other hopefuls stands a chance of representing the right and Solidarity.

Apart from Hanna Gronkiewicz-Waltz, there are two other politicians who count, but do not want to take part in St. Catherine's "conclave": Lech Walesa and Adam Strzembosz. The latter sent a letter to the covenant. He wrote the patriotic camp needs unity: "Without it, it is impossible to create any force capable of preventing recommunization and having the national estate torn apart piece by piece." He suggested he could represent such a camp in the elections.

As we have learned, Krzaklewski intends to meet with the professor soon. He will give him an ultimatum: Either he takes part in the conclave, or he will have no chance of getting Solidarity's support.

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Doctrine Permits Army To Intervene in Strikes

AU1506075895 Bucharest ADEVARUL in Romanian 8 Jun 95 pp 1-2

[Article by Lia Bejan: "According to the New Military Doctrine, the Army Can Intervene To Settle Strikes"]

[FBIS Translated Text] "The potential types of aggression against fundamental national interests can be divided into the following groups: external, internal, and combined aggressive actions. What is considered as internal aggressive actions are separatist actions, terrorist-diversionist actions, sabotage, acts of blocking certain civilian or military facilities and some means of transportation and communication of strategic importance, the national power system, and serious actions aimed at destabilizing the rule of the law," states "Romania's Military Defense Doctrine" submitted yesterday to the Parliamentary Commission for Defense Public Order, and National Security together with the "Integrated Concept on National Security" by Ion Mircea Pascu, secretary of state at the Defense Ministry; by Foreign Minister Teodor Melescanu; Chief of Staff General Dumitru Cioflina; and the secretary of the Country's Supreme Defense Council General Ion Magdalena. In other words, certain strikes and rallies can be considered as "acts of blocking some civilian or military facilities and means of transportation and communication of strategic importance." As far as the act of blocking the national power system is concerned, the best example is the recently concluded RENEL [Romanian Electric Power Authority] employees' strike. In these conditions, according to Romania's military defense doctrine, the Army can proceed to a forced intervention.

In connection with this situation, the Chief of the Army's General Staff, General Dumitru Cioflina told the press: "The law on national security refers to situations that prevailed before the endorsement of the Constitution. You know how the situation was in the nineties. Hence, it became imperative to set up a legal framework and that was the national security law. It listed all the authorized institutions of the country, among them the Ministry of National Defense, which had to cooperate in efforts to ensure public order. Through Law 39 of the Country's Supreme Defense Council, this body became authorized to endorse a plan of cooperation between the Interior Ministry and the Ministry of National Defense in order to be able to cope with such situations. In concrete terms, the law mentions situations in which the equipment and organization of the Interior Ministry is overpowered. In such a case, the Ministry of National Defense can take over the task of defending government institutions, the Parliament, and the headquarters of ministries, of the Prosecutor's Office, and of County Councils."

The documents referring to the integrated concept regarding Romania's national security and Romania's Military Defense Doctrine that were submitted to the parliament, are meant to become the fundamental concepts regarding national security, for which both the Government as well as the Country's Supreme Defense Council should assume responsibility. In order to bring together the various viewpoints of the executive and the legal body on the thorny issue of national security, the defense commissions decided to establish a subcommission to work together with the representatives of the Ministry of National Defense, Ministry of Foreign Affairs, and the Supreme Defense Council and come up with a uniform view on the national security concept by 21 June.

Daily: Iliescu Propaganda Imitating Ceausescu

AU1406145795 Bucharest EVENIMENTUL ZILEI in Romanian 8 Jun 95 p 1

[Editorial by Ion Cristoiu: "A Nicolae Ceausescu With a Human Face"]

[FBIS Translated Text] On 5 June, without any previous warning—as requested by the journalists' etiquette—at the conclusion of the late night news, the Romanian National Television [TVR] broadcast a report dedicated to Ion Iliescu's [1 June] visit to Timis County. The fact that the TVR deemed it necessary to reflect this event is not abnormal in itself. After all, he had to pluck up his courage to be able to go and visit there. Judging from the radical anti-Iliescu stance of that Romanian region, one expected them to receive Iliescu with a great deal of hostility. However, nothing of the kind happened. Iliescu was received with surprising courtesy. From the journalistic angle, this contradiction of all expectations—which, as a matter of fact, did not go unnoticed by our entire press—was a interesting thing, worth being tackled by the TVR as well. It would have been a splendid opportunity to answer several questions, among which the first one would refer to the reasons in which the entire visit could take place in profoundly normal circumstances. Does the absence of any hostile street manifestations signal a turning point in the stance on Iliescu taken by the Timisoara citizens, or is it rather that they are pure and simple fed up with taking to the streets? In the same context, it would have also been interesting to reveal whether the way in which Iliescu was received in Timisoara indicates a shift toward normality of the entire Romanian society, rather than a gain in Iliescu's electoral capital in that part of the country. This is so because, in any democracy,

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the citizens have to reach the conclusion that the principle means to express their stance with respect to various politicians is neither to boo nor to applaud them, but rather the way one casts one's ballot during parliamentary or presidential elections.

TVR's approach to the visit, however, caused bewilderment. Everyone was shocked, as everyone believed that such reporting was no longer possible after the revolution. The report we saw differed in no way whatsoever from the TVR reports dedicated to Nicolae Ceausescu's working visits. No trace of any questions. No trace of any debates. It was a flow of idyllic images—nauseatingly heartwarming—with Ion Iliescu handing out sweets and stroking little children's heads, gravely assisting a farmer shearing his sheep, and giving his typical smiles to the left and right. The tear-provoking, cheap, pathetic style of the commentary accompanying the images surpassed in every way the literary-artistic hymns that used to be dedicated to Nicolae Ceausescu.

Considering also the fact that the report had not been made by the TVR itself, but was sent to be aired there from Cotroceni [presidential headquarters], it becomes quite clear that what we saw was nothing but a piece of covert electoral campaigning. Despite the fact that he vehemently denounces the ongoing premature electoral campaign, Ion Iliescu himself is fully engaged in it. Independent journalists, as well as other common-sense people protested against this electoral propaganda spot backing Iliescu that was broadcast free of charge by the RTV, an institution that does not live on money given to it by Cotroceni, but rather on the taxes paid by the poor citizens. It would be superfluous for me to reiterate the same protest. In my opinion, nothing can be done any more to curb the premature electoral campaign that is already rolling at full speed. Even if parliament were to pass a law prohibiting the use of the radio and television companies for the purpose of covert electoral campaigns, the implementation of such a bill would be immensely difficult. All political parties exert pressure, trying to make them report their actions as extensively as possible. And as in any electoral campaign, even in premature ones, all the actions undertaken by parties can then be interpreted as electoral propaganda. The sole solution would be to have the radio and television refuse to portray anything at all from the life of the political parties, the government, or the presidency. But this, of course, would be absurd.

Accepting the fact that the TVR is doomed to accept such covert electoral campaigning, in connection with the report aired during Monday's late night news, I would like to focus upon a single significant thing. The entire spirit in which Cotroceni conceived the filmed report lets one anticipate the image Iliescu is determined to pose in during the next presidential electoral campaign. Namely the image of the nation's loving father. The president, a masterful politician, realized the unprecedented growth of nostalgic feelings for Nicolae Ceausescu among the population. This is precisely why, after having brilliantly managed to avoid imitating his predecessor, he is now trying his best—as demonstrated by the television report—to take on Ceausescu's image. Of course, while doing so, Iliescu set aside the dictatorial toughness in Ceausescu's personality. What is left is the image of the well-meaning father. Thus one can conclude that, in the next electoral campaign, Iliescu intends to enter the battlefield as a Nicolae Ceausescu with a human face.

Iliescu's Reaction to KGB Allegations Viewed

AU1406140295 Bucharest EVENIMENTUL ZILEI in Romanian 10-11 Jun 95 p 1

[Editorial by Ion Cristoiu: "The President's Strange Reply"]

[FBIS Translated Text] As I mentioned in my previous editorial, President Iliescu did not reply concretely to the document published by the daily ZIUA—the statements of Igor Botnarchuk, Iliescu's alleged initiator in the KGB—for instance, by saying that such a man does not exist at all or that he had never heard of him in his life. He found it sufficient to formulate two declarations denying that he had ever been contacted by any secret service. As the allegations referred to certain details in his youth, it would have been only normal for Iliescu to personally rebuff the accusations. For instance, he could have used the occasion of an interview or even initiated a friendly conversation with journalists to clear up the chapter of his life that Botnarchuk had referred to. Iliescu, however, preferred to express his stance via his spokesman, Traian Chebeleu. Now Iliescu does not belong among the politicians that know how to keep their mouths shut. He finds great pleasure in talking at large, chattering and articulating any thought that crosses his mind. Despite this sympathetic trait of his personality, Iliescu refrained from ever referring to the Igor Botnarchuk issue. As a matter of fact, as I already pointed out during my program on the Tele 7 ABC television, Ion Iliescu has always avoided, generally speaking, recalling the years he spent in Moscow in his youth. None of his longer interviews and none of his books contain any details at all about the atmosphere in Moscow during Stalin's reign, when he was a student in the USSR. It would have been interesting for everyone—as I already said on the Tele 7 ABC program—to hear something from Iliescu about the terror propagated at that time by the KGB among the foreign students, especially the Romanian

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ones, who were studying in Moscow. I accept that it might have never occurred to him to refer to this issue before, but the statement published by ZIUA did offer him the possibility of recollecting his memories. The surprising thing is not just the fact that the president did every possible thing to avoid clarifying whether Botnarchuk exists or not, but also the spirit of his two declarations released in connection with this issue. Read to the journalists by spokesman Chebeleu, who has a great talent for turning all announcements, including the optimistic ones, into repulsively sour stuff, the presidency's stance on the ZIUA document showed us that the president is accused of things that the entire nation and even the entire planet considers to be absurd, and that it is aberrant to believe that the past of the person currently holding the highest office in the Romanian state could be stained by such a thing. However, the feeling displayed by the presidential declarations has no real grounds. Above all, if the allegations of daily ZIUA are true and Iliescu was indeed recruited in his youth by a secret service, it would not be the first time that such a thing should happen to a high-ranking personality in Romanian political life. A book published recently by Eugen Cristescu, former chief of the Romanian secret service [Siguranta] during Marshal Antonescu's regime [in the early forties], reveals that Vasile Luca, one of the leaders of the Romanian Communist Party [PCR] and, at the same time, one of Romania's leaders immediately after 23 August 1944, had become a Siguranta agent as early as 1924. On the basis of this biographic stain, of which Gheorghiu Dej [PCR president] was aware, Vasile Luca could be removed in 1952. But prior to that moment, had anyone dared write or say that Luca had been recruited by the Siguranta during his youth, he would have surely been sent to the labor camps. This is to prove that things that might seem absurd at a certain moment may still be true. History offers us other similar examples of great politicians, even heads of state, in the past about whom extremely discrediting biographic facts were discovered. Considering all this, the assertion that Iliescu was recruited during his youth by the KGB cannot be interpreted, in itself, as an absurdity. That this is absurd can be proved with concrete arguments, only.

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Dezelak Signs Free Trade Agreement With EFTA

AU1306163695 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 13 Jun 95

[FBIS Translated Excerpt] A ministers' conference of the members of the European Free Trade Agreement [EFTA] is under way in the Norwegian coastal town of Bergen. Janko Dezelak, minister of economic relations and development, is signing a free trade agreement with EFTA members—Norway, Switzerland, Iceland, and Liechtenstein—at this very moment. [passage omitted]

Slovenia will initial a similar agreement with Poland on 19 June. We have already signed such agreements with other members of the Visegrad Group and with Macedonia [the former Yugoslav Republic of Macedonia—FYROM]. The agreement also involves financial, technical, and scientific cooperation. [passage omitted]

Government To 'Strive' for EU Summit Invitation

AU1306163595 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 13 Jun 95

[FBIS Translated Excerpt] Foreign Minister Thaler at a news conference at noon characterized yesterday's decision in Luxembourg as an important event. The agreement [on Slovenia's associate EU membership] will most probably be initialed on Friday [16 June]. Slovene diplomacy will, most likely through the French president, strive to have our country invited to the Cannes summit. Thaler expects the dialogue with Italy to continue over the next few days. The time has come to assess the situation together with the State Chamber Commission for International Relations. [passage omitted]

Thaler, Slovak Counterpart To Further Cooperation

AU1406183795 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 14 Jun 95

[FBIS Translated Excerpt] Slovak Foreign Minister Juraj Schenk has been on an official visit to Slovenia since yesterday. At a news conference today, he assessed his visit together with Foreign Minister Zoran Thaler as very successful. Marko Krofberger reports:

[Begin recording] The joint assessment of both foreign ministers was that Slovenia and Slovakia are cooperating successfully at all levels, however, not to the extent to which they could be. For this reason, the ministers also discussed the possibilities for more extensive economic cooperation—for example, Koper harbor being used as the main Slovak harbor.

Minister Thaler also voiced satisfaction over the fact that Slovakia will open its embassy in Slovenia. [passage omitted] [end recording]

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Federal

Milosevic, Frasure Reportedly Reach Accord

LD1406134695 Belgrade SRNA in Serbo-Croatian 1233 GMT 14 Jun 95

[FBIS Translated Text] Belgrade, 14 Jun (SRNA)—U.S. President Bill Clinton will announce tomorrow that Slobodan Milosevic and Robert Frasure have reached an agreement on the recognition of former Bosnia-Herzegovina in return for the suspension of sanctions against the Federal Republic of Yugoslavia, the Belgrade weekly TELEGRAF claims today.

According to reports the paper obtained from diplomatic circles close to the U.S. negotiator [Frasure] in the Contact Group, the agreement provides modalities for the internal arrangement of former Bosnia-Herzegovina which will enable the [Bosnian] Serbs to set up confederal links with Serbia.

"The negotiators still have to agree on the guarantors of the agreement, because Milosevic wants to give this role to Butrus-Ghali—that is, to the United Nations—and the U.S. side is offering the Contact Group member states as guarantors," TELEGRAF reports.

According to TELEGRAF, pro-Muslim hawks in the U.S. Congress and Croatian President Tudjman, through German diplomatic circles, are trying to undermine the agreement.

Clinton Endorsement Expected

AU1406180595 Belgrade TELEGRAF in Serbo-Croatian 14 Jun 95 p 3

["Ultraexlusive" report attributed to D.B.: "On 15 June Clinton Will Endorse the Milosevic-Frasure Agreement: Suspension of Sanctions, Recognition of Bosnia, and Confederal Ties Between Serbia and the Serb Republic"]

[FBIS Translated Text] Serbian President Slobodan Milosevic and Robert Frasure, U.S. envoy in the Contact Group, have reached an agreement on the recognition of Bosnia-Herzegovina in exchange for the suspension of sanctions on the Federal Republic of Yugoslavia. President Clinton is to announce this news on 15 June. TELEGRAF has obtained exclusive confirmation of this information from high-ranking diplomatic circles close to U.S. Envoy Frasure. Our source, however, warns of the possibility of Clinton, at the last moment, postponing the decision for an unspecified period of time, owing to the unfavorable domestic circumstances plaguing his administration's policy in Bosnia.

According to the Milosevic-Frasure agreement, Yugoslavia will recognize Bosnia-Herzegovina within its internationally recognized borders. The agreement further foresees modalities for Bosnia's internal organization, which will give the Bosnian Serbs the possibility of confederal ties with Serbia, such as those guaranteed to other entities in Bosnia. The only thing left now is for the negotiators to decide who will be the agreement's guarantor.

Milosevic has requested that it be Butrus-Ghali, that is, the United Nations, while the U.S. side is proposing the Contact Group members as guarantors.

According to TELEGRAF's sources, Clinton could have reached the decision to endorse the Milosevic-Frasure agreement earlier, but the U.S. President, owing to his domestic position, postponed Serbian D-Day until 15 June. In view of the attacks by Robert Dole and other pro-Muslim hawks on the Clinton administration's policy in Bosnia, it was necessary to prepare the diplomatic terrain in Washington for the U.S. decision. Croatian President Franjo Tudjman is also trying to undermine the agreement in Washington via German diplomatic circles.

Democratic Party, EU Official Discuss Solution

LD1506071795 Belgrade TANJUG in English 2135 GMT 14 Jun 95

[FBIS Transcribed Text] Belgrade, June 14 (TANJUG)—Head of the European Union observer mission in the former Yugoslavia Albert Turot said here Wednesday [14 June] that any solution to the crisis in the former Yugoslav Federation envisaging Bosnia as a unitary state was unrealistic.

He said this at a meeting with Zoran Djindjic, president of the opposition Democratic Party in the Serbian and Yugoslav parliaments.

A statement released by the party quoted Turot as saying that observers on the ground found it quite evident that the Bosnian population could not be forced to live together.

According to the statement, whose copy was received by TANJUG, Djindjic said that, in order to reach peace in the former Yugoslav Republic of Bosnia-Herzegovina, the international 'Contact Group' should make not only a proposal for Bosnia's territorial split but also one for the constitutional solutions organizing the future union as a loose confederation.

Two states were set up in the territory of the former Yugoslav Republic of Bosnia-Herzegovina after its secession and the beginning of civil war—the Bosnian Serb republic and the Muslim-Croat Federation.

The Democratic Party believes that such a proposal would create a solid basis for direct negotiations be-

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tween the Bosnian Serb republic and the Muslim-Croat Federation, and that it would soon bring about peace, Djindjic said.

Jovanovic Discusses Sanctions, Bosnia Situation

MM1406185795 Moscow ROSSIYSKAYA GAZETA in Russian 15 Jun 95 First Edition p 7

[Interview with Foreign Affairs Minister Vladislav Jovanovic by Vladimir Kuznechevskiy in Belgrade; date not given: "Either Sanctions or Peace"]

[FBIS Translated Text] [Kuznechevskiy] Mr. Minister! The United States seems to have begun building its own new world order. It is doing everything it can to prevent the question of lifting the sanctions on Yugoslavia passing from its control to the UN Security Council. On the eve of Deng Xiaoping's departure from the political scene, the U.S. Congress tried to play the Tibet card in an attempt to have Tibet recognized as a "sovereign territory" occupied by China (in the past, as you know, precisely the same policy was pursued toward the Baltic republics in the USSR). If this attempt succeeds India will clearly be next in line. In such a situation Belgrade is not thinking of playing a game of its own and entering into closer diplomatic contacts with the aforementioned countries, is it?

[Jovanovic] I think that what is going on in international relations right now is the establishment not of a new world order but rather disorder. And, as for international pressure and sanctions, I could add a few more names to the list of countries that you mentioned: Nigeria, Brazil, and Iran. They are all being subjected to varying degrees of UN pressure, too. This list could go on, after all. What kind of new world order is this when one group of countries forms its relations with another mainly on the basis of imposing penalties?!

But there cannot be any question of a political alliance for protection against the United States either.

First, this would be essentially the wrong thing to do. I believe that generally it is wrong to create alliances, especially political ones, against individual countries. All the more so when it concerns the United States.

And second, Yugoslavia is a country which has been suffering for three years now under the yoke of sanctions imposed by a group of developed countries, and we know well in practice that it is impossible to force any country to abandon its intentions by force of external pressure. It is only by persuasion, taking into account national interests and mutual benefit, that the new international order can be built.

[Kuznechevskiy] The impression is being created that sanctions on Yugoslavia will never be lifted. As soon as the situation on the frontline in Bosnia and Croatia eases and the mood within the international community shifts in turn toward an easing or complete lifting of sanctions, someone immediately alerts the hot heads and they launch an offensive against Serb positions in Croatia or Bosnia. And it seems that this will continue, as FRG Foreign Minister Klaus Kinkel once said, until "the Serbs are brought to their knees." Does it not seem to you, Mr. Minister, that the Federal Republic of Yugoslavia [FRY] should take some completely new and perhaps in some way unusual and unexpected steps regarding the Serb communities in Bosnia and Croatia so that the question of lifting the sanctions from Yugoslavia is firmly placed on the agenda?

[Jovanovic] No, I do not think so. After all, we believe that Belgrade has adopted the only correct stance by accepting all the UN Security Council resolutions. Yugoslavia is a member of the international community and must abide by all its collective decisions. We believe that, because of the stance we have taken, the sanctions on Yugoslavia will be lifted as early as this year, 1995. Gradually, piece by piece, (as a beginning, the prohibitions on banking will be lifted, for example), but consistently.

We can see that slowly but surely the moral opposition to sanctions against Yugoslavia by the European countries which previously had good economic relations with Yugoslavia is increasing.

[Kuznechevskiy] Let us view the situation from a different angle. If the war in Bosnia and Croatia continues quite a long time (and you know as well as I do that Izetbegovic's generals are planning on another five years of military operations) and if the Serbs there suffer even temporary defeats, as in Croatia, millions of [Bosnian] Serbs will pour into Serbia as refugees and this influx could engulf the peaceful situation not only in Serbia but in Montenegro, too. What do you plan to do in that eventuality?

[Jovanovic] Yes, this problem exists, and we cannot close our eyes to it. Furthermore, we have been constantly drawing the international public's attention to this problem so that it knows the true state of affairs not from the Western mass media, most of which take clear anti-Serbian positions, but from the original source. Furthermore, we do not only report the refugee figures, we also openly invite Western experts to come and check these figures for themselves on the spot.

The situation is as follows. In Serbia at present there are around 500,000 refugees, and in Montenegro there are around 70,000 (this is a fairly heavy burden for a republic of just 600,000 people—it represents almost 12 percent of the total population).

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The situation has worsened recently. Only around 2,000 of the 70,000 Serbs in Western Slavonia were left after the Croat action there. The remainder had been forced to flee to the Serb Republic in Bosnia and to Serbia itself. As for Croatia generally, in the period from 1991 to 1995, around 350,000 Serbs were forced to flee from there, the vast majority of whom were people totally uninvolved in any military actions. This population was loyal to Croatia and the Croats.

I would like you to note the fact that it is not only the Serbs who are refugees in Yugoslavia. In Belgrade alone around 2,000 of all the refugees there are Muslims. There are Croats too.

To answer your question with regard to the long term however, I would put it like this. Neither the Muslims nor the Croats can hope to defeat the Serbs in Bosnia. Incidentally, that is something the international community ought to be aware of as well.

The fact is that the Serb population in Bosnia is the most energetic and life- and freedom-loving part of the Serb people. For centuries people capable of defending Serbia's borders far afield have left the territory of present-day Serbia—what we call Mother Serbia—for the border with the Ottoman Empire and the Turkish conquerors. In their veins they carried not just a love for hard work, a feature which distinguishes all Serbs without exception, but also for military organization and resistance to all aggression. The Bosnian Serbs are very similar in their mental outlook to your Cossacks, who defended Russia's southern and eastern borders for centuries and who ultimately formed an entirely separate part of the Russian people for whom battle and toil were both equally respectable and meaningful. That is why no one can break the Bosnian Serbs' warrior spirit, not even a 5,000- or 30,000-strong rapid reaction forces consisting of highly professional commandos. The difference between the commandos and the Serbs is that the latter are in their homeland, they have nowhere to retreat or withdraw to except the mountains. But the mountains are also their motherland.... No, I believe that reason will eventually prevail among the leaders of both the Western community and the Muslims and Croats.

[Kuznechevskiy] One final question, Mr. Minister. It is quite a delicate one. In imposing the sanctions on the FRY, the Western community, the Americans above all, worked on the assumption that Belgrade wielded a decisive influence over the Bosnian Serbs and that the ultimate solution of the Bosnian crisis was therefore not in the hands of Radovan Karadzic but of Belgrade. Is that really the case?

[Jovanovic] That is a misunderstanding. Belgrade has virtually no influence over the Bosnian Serb leadership. Or over Karadzic in any case. He acts completely autonomously and meets Slobodan Milosevic's requests and wishes only when he deems it expedient.

Of course, the Yugoslav leadership will never abandon its fellow countrymen in Bosnia and Croatia to face a mortal danger alone. However, we believe that the desire of the Serb side in Bosnia to retain all the territory that it currently controls there is utter madness. The plan put forward by the international Contact Group on Bosnia must be considered the basis for talks on the settlement of the Bosnian crisis.

But only the abolition of the sanctions on Yugoslavia can be a real basis for resolving the Bosnian crisis. I am convinced that when the sanctions are lifted the Bosnian Serbs will very quickly appreciate all the benefits of the new situation and will accept the international Contact Group's plan for the settlement of the Bosnian crisis.

Warns FRG Against Deployment

AU1406182795 Mainz ZDF Television Network in German 1700 GMT 14 Jun 95

[Report on statement by Foreign Affairs Minister Vladislav Jovanovic to an unidentified ZDF reporter; place and date not given]

[FBIS Translated Text] [Announcer] Yugoslav Foreign Minister Jovanovic has firmly rejected German military deployment in the Balkans. Speaking to ZDF, Jovanovic said that his government is advising Germany not to allow itself to become militarily involved in the war. Bosnia does not need more soldiers, more tension, but the very opposite. As political mediators, however, the Germans are welcome, said Jovanovic.

Lilic Addresses Armed Forces on Army Day

LD1406155395 Belgrade TANJUG in English 1115 GMT 14 Jun 95

[FBIS Transcribed Text] Belgrade, June 14 (TANJUG)—"Yugoslavia leads a policy of peace and calls for developed and universally well-neighborly relations and equal cooperation with all nations and states," said President Zoran Lilic on Wednesday [14 June] in felicitations to Yugoslav forces on Army Day.

This policy gives us the moral right to expect soon a lifting of the sanctions and again become a fully active member of the international community, said Lilic.

By guarding the state borders and preserving the territorial integrity and sovereignty of our country, you have helped maintain peace. Only in peace is the prosperity of Yugoslavia possible, said Lilic.

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Objectives of Yugoslav Left in FRY Discussed

95BA0234N Belgrade POLITIKA in Serbo-Croatian 16 Apr 95 p 12

[Article by Milenko Pesic: "What the Yugoslav Left's Ambitions Are Like"]

[FBIS Translated Text] *The relationship of the JUL [Yugoslav Left] and the SPS [Socialist Party of Serbia]; elections testing political power; the national question as a serious test.*

The news about the intention of Dragan Kostic, republic minister of energy, to join the JUL excited some of the opposition public. Immediately speculation started about the relationship between the Socialists and the JUL. With respect to Minister Kostic, the opposition ignored the fact that he was not a Socialist and that he had shown his political orientation back in 1993, by being included in the electoral ballot of the united left, gathered around the League of Communists-Movement for Yugoslavia.

Since the election of Ljubisa Ristic as president of the JUL, the opposition again seems to have started to clash more with this movement than with the ruling party.

Diverse Alliance

When the diverse alliance composed of 23 parties, associations, and numerous prominent individuals was formed last summer under the name of the JUL, many people viewed it as the utopian project of people nostalgic for the old Yugoslavia. The first possible outlines of the JUL were sketched by Dr. Nenad Djordjevic, president of the JUL's steering committee, who said that this coalition would become the "party of the 21st century."

Sharp Polemics

After the electoral convention at the end of last month, it became obvious that the JUL, at least in this initial stage, would function on the political scene more as a movement. The key to understanding the real role of the JUL is its attitude toward the SPS [Socialist Party of Serbia]. Many people still remember the sharp polemics between Dr. Mira Markovic (JUL) and Academician Mihailo Markovic (SPS). When the JUL was first being formed, it seemed that the leadership of the ruling party was expressing more reservations toward this movement than it is now.

It was a public secret even before the electoral convention that many prominent Socialists were involved in the JUL. The so-called dual membership, the reality of which the Socialists are no longer even concealing, could be a two-edged sword, in many people's opinion. "The rules of the political game will require that the people who are in both the SPS and the JUL choose one option or the other, because otherwise both sides can be damaged in any elections," said Dr. Zivojin Djuric, director of the Institute for Political Studies.

This political scientist emphasizes that two directions are possible for the relationship between the SPS and the JUL: one that will lead to a clearer differentiation between the two political groups on the left, or to their unification.

Zoran Stojiljkovic, a graduate student at the political sociology department of the Political Sciences School, thinks that the JUL's significance will depend on how the SPS treats this movement.

Influence Over the Authorities

Expressing a favorable attitude toward the ruling party, Ristic, in his role as head of JUL, said that the forces in favor of peace had won in the SPS, and that they were welcome in JUL. If we interpret this statement by Ljubisa Ristic literally, then the question that arises is what the SPS will do with the people in its leadership that do not support this kind of peace.

Regardless of the political strength that JUL wields through the directors of strong firms, ministers, and prominent cultural figures, the real strength of this movement, in the opinion of Zoran Stojiljkovic, can be verified only in the elections. In her last BBC interview, Dr. Mira Markovic said, "Some people would rather have the elections immediately and start the election campaign immediately, but there are people who believe that we do not have to fight to enter parliament, that our goals are long-term, great, and historic, and that political games are petty, beyond the great ideals to which the left is committed. We will find a common language in a few weeks, however."

If JUL decides that it will not participate in the electoral race, then that will be a sign that it still seeks indirect influence over the authorities.

Attitude Toward the LCY [League of Communists of Yugoslavia]

The national question may be a serious test for JUL. "If JUL intends to be an important political factor, then it must not come forward with a vague concept of Yugoslavism or some sort of Europeanism, or fraternity and unity. Omitting the national component from its program may have a negative effect upon the public," warned Dr. Zivojin Djuric.

Although organized like a movement, JUL "operates" like a strong soccer club that brings together the

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strongest and most influential players on the Yugoslav scene for its first team, and that is a certain discrepancy with the idea that this kind of party has to be based on the working class. Once again, in order for a political group with a leftist orientation, as JUL defines itself, to achieve its project of a better and happier society, it must also determine its attitude toward the League of Communists of Yugoslavia.

That distancing oneself from the LCY, according to Dr. Zivojin Djuric, is essential, because many Communists during the preceding period jeopardized the historically realistic option of the happier and more secure society that JUL seeks.

Central Bank Chief on Problems Hampering Reform

LD1406215295 Belgrade TANJUG in English 1710 GMT 14 Jun 95

["Pool" item]

[FBIS Transcribed Text] Belgrade, June 14 (TANJUG)—Governor of the National Bank of Yugoslavia (central bank) Dragoslav Avramovic said Wednesday [14 June] that the Yugoslav economy had most severely been affected by stalemated savings, excessive public expenditures, and shortage of foreign currency.

Addressing a meeting of shareholders of Beogradska Banka, one of Yugoslavia's biggest banks, Avramovic said the recovery of all kinds of savings was one of crucial tasks of Yugoslav Government's economic policy.

The fact that both citizens and companies have money is illustrated by a figure showing that the 1994 imports amounted to $1 billion, said Avramovic, the architect of a program of monetary and economic reform that curbed hyperinflation and boosted production in the face of the U.N. sanctions against Yugoslavia.

Avramovic said, "the money will come both from this country and from abroad if we offer lucrative investment program."

The trouble is, he said, that investors are being put off by frequent changes in Yugoslav laws and allegations against banks which have shouldered the brunt of the burden in the past years.

Avramovic said the investment stalemate might cause the Yugoslav economy to largely lag not only behind industrialized Western countries but also behind East European countries and those created in the territory of the former Yugoslavia.

Avramovic said the public expenditures had been too high as a "result of three states existing in one," and urged that state expenditures be considerably cut down.

Industrial Production Increases by 14 Percent

LD1406203895 Belgrade TANJUG Domestic Service in Serbo-Croatian 1321 GMT 14 Jun 95

[FBIS Translated Excerpt] Belgrade, 14 Jun (TANJUG)—In the first five months of 1995, industrial production in Yugoslavia increased by 14 percent in comparison with the same period last year, representatives of the Federal Statistics Institute announced today.

At a regular news conference, Mirjana Rankovic, assistant director of the Federal Statistics Institute, said that May production was up by 1.5 percent compared with April, while it was up by 10.3 percent compared with May last year. [passage omitted]

Serbia

Court Increases Serbian Radicals' Sentences

LD1406184295 Belgrade TANJUG Domestic Service in Serbo-Croatian 1304 GMT 14 Jun 95

[FBIS Translated Excerpt] Pristina, 14 Jun (TANJUG)—In the course of examining appeals against the prison sentences served by Vojislav Seselj, chairman of the Serbian Radical Party, and Tomislav Nikolic, deputy chairman of the party, the magistrates' court in Pristina decided today to increase their prison sentences.

Seselj, who was initially sentenced by the magistrates' court in Gnjilane to 20 days' imprisonment, has now been sentenced to 60 days in prison; Nikolic, who was initially sentenced to 30 days, has also been sentenced to 60 days in prison.

In Vojislav Seselj's case, the court considered it an aggravating circumstance that he had a previous prison record and that he had committed "an offense in a group," which was qualified as more serious. Nikolic's sentence was increased with the explanation that this was being done because of "the seriousness of the offense." [passage omitted]

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Montenegro

Croatia Demands Payment for Water Transit

AU1206144895 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 12 Jun 95

[Report by an unidentified correspondent in Hercegnovi—live or recorded]

[FBIS Translated Text] After three days of problems with the [words indistinct] of the Montenegrin water works company, water supplies from the Trebisnjica spring were restored this morning.

The problem was created on 9 June by the Croatian authorities when they closed the water pipe [word indistinct] Hercegnovi, because of—as they called it—a fault. This was solved through an agreement between the town water work services of Dubrovnik and Hercegnovi reached at a (Debeli Brijeg) meeting held on 10 June. This agreement envisages that the Montenegrin side would pay 35,000 German marks [DM] toward repair of the fault.

The [word indistinct] fault and the closing of the water supplies at a time when Hercegnovi was full of tourists and all the hotels open seems to hide something more—that is, the desire by the Croatian side to charge for the transport of water over its territory. This has been confirmed to us by Hercegnovi Mayor Stevan Mitrovic. He says that the Croatian side is asking for 30 pfennigs per cubic meter of water transported across its territory, which means that the Montenegrin side would have to pay DM300,000 a month to the Croats [words indistinct].

The entire problem will be raised to the state level, since the [words indistinct] have been informed about this issue. This is also a chance to discuss in a (more peaceful way) the project of transferring the water pipe from the Croatian territory, which would enable the Montenegrin coast to get double the water supplies reaching Hercegnovi now. The talks between the Croatian side and ours on this problem are scheduled for 26 June, and will be held in (Debeli Brijeg) [words indistinct].

Kosovo

Kosovar Group Briefs France on Rugova's Policy

AU0806151695 Pristina Kosova Daily Report in English 7 Jun 95

[FBIS Transcribed Text] Yesterday, June 6, a parliamentary delegation of the Republic of Kosova [Kosovo], composed of Miss Edita Tahiri, Dr. Rifat Blaku, and Mr. Anton Kolaj was received at the French Foreign Ministry by Mr. Poudade, director for continental Europe.

Kosova parliamentarians updated Mr. Poudade on the current state of affairs in Kosova, pointing out the ever-increasing Serbian repression and violence over Albanians, as well as on ethnic cleansing campaign and colonization policies Serbia has been practicing in Kosova. All this may well lead to the escalation of the situation in the region, they said, and added that in spite of that, the people of Kosova, under the leadership of President Rugova, have been pursuing a peaceful resistance and policy towards the solution of the Kosova question. Owing to peaceful policy of the Albanians, there is still space for preventive diplomacy, the delegation said.

Kosova parliamentarians briefed Mr. Poudade on the expressed political will of the people of Kosova for an independent and neutral state, and urged France to support this will.

Mr. Poudade expressed his admiration for the peaceful policy of President Rugova and Albanian people, and said that France has been closely watching the developments in former Yugoslavia, including Kosova. France is aware of the complexity of the solution of Kosova issue and Albanian question in the Balkans, and it supports an acceptable and just solution of the Kosova issue, Mr. Poudade said.

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